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# Hoping for a stable government

**URMIMALA BANERJEE**  
urmimala.banerjee@mid-day.com

THE election fever is at its pitch now. Like many other sectors of the Indian industry, the realty market is too observing the polls with keen interest. The past year has been a stagnant one with low volumes of sales. Moreover, the investor interest has also declined. Hot Property spoke to few industry experts to understand their expectations and hopes from the new government.

## Looking for clarity

A few problems have been plaguing the industry from quite some time now. Rising costs of construction, taxation, high labour costs and interest rates are some of them. Though price correction is expected, many feel it won't be possible in the near future considering high construction costs.

Kamal Khetan, chairman and managing director, Sunteck Realty Ltd said, "With the demand now gaining momentum, prices have started rising slowly. This rise is expected to be substantial by second half of 2014. A stable government will give a fresh ease of life to the market. Post election phase shall witness residential sales traction with

project launches and sales volumes. Together with the markets maintaining a continued pace of performance will only further boost the segment. I foresee growth of real estate post a stable government coming into force." Broker Prakash Rohera of Karma Realtors, says, "A stable government is the need of the hour. It will give confidence to investors who shying away." The capital values are expected to go up by 10-12 per cent year-on-year across India. Affordable housing is expected to drive the market in 2014.

According to many, though there's a demand for homes even now, people are not buying because the prices are not conducive enough. Another noticeable trend is the sale of resale homes. People prefer to buy them as they're ready to move in and also free of stamp duty and service tax. Moreover, there are a number of investors who are keen to sell off properties now.

Gaurav Shah, head-Marketing, Ravi Group says, "Post elections we expect stability in the sector. The residential segment which has had seen considerable rise in last quarter due to festivity is still not weak. It's just that the velocity of transactions has reduced. The market has seen a lot of investors playing a wait and watch again. These fence

sitters will definitely play a significant role in driving the growth. One could definitely witness demand for affordable and 1BHK houses." Boman Irani, CMD, Rustomjee says, "This time around people are expecting a stable government. I look forward to a surge in government and administrative decision making that will stimulate the demand and economy. I believe that a well design home at the right price is what the discerning Indian consumers need and those developers who provide good design, quality, and peace of mind, value for money and a good location at the right price will definitely come out as winners."

## Other observations

Besides the major metro cities, some Tier-2 and Tier-3 have also been seeing development over the past few years. Property consultant Sunil Bajaj states, "Political parties and leaders are stressing on development and employment opportunities in their respective states. One of the trends could be reverse migration of labour. As of now, people who work in construction sites in metro cities come from various states but once they get opportunities in their own states, the scenario could be different. This might have an impact on the mar-

ket, which has shortage of labour as one of its main problems."

Last year, the government had shown some enthusiasm to bring in policy changes to the real estate sector. Many members of the developer fraternity are hoping that those changes now take shape. As far as commercial realty is concerned, the focus will be on cost-saving and optimal utilisation. The demand is likely to be concentrated mostly in the peripheral micro-markets of leading cities, owing to abundant availability of cost effective quality space options.

Anshuman Magazine, CMD, CBRE South Asia Pvt. Ltd, says, "The upcoming general elections and the formation of a new government are expected to affect the corporate market as well. In the short to medium term, we can expect firms in the IT/ITeS, banking/financial services and pharmaceuticals to remain key contributors to overall office space absorption across major cities."

The improvement in consumer sentiment seems to be the No.1 factor developers are looking to cash in post the general elections. As far as the rest go, it will largely depend on the economic and investment policies of the new government.