



FESTIVE SEASON
REAL ESTATE

By Ashish Sinha

The housing market sentiments remain upbeat because investments in real estate assets still promises far greater return than other financial instruments



When the average return-on-investments (RoI) in the domestic real estate has been 10-11 per cent in the last 10-years, the housing market will continue to find takers, say most developers. And they are not wrong in their calculation. With the festive season in full swing, India's real estate developers are hopeful about the sector receiving a boost towards recovery, and their wishes are already coming true. New supply registered a YoY growth of 61 per cent when compared to Q3 2021 (July - September), as per the latest report from Proptiger.com. "Housing sales are generally higher during October-December when compared with the previous two quarters of the year because of the festive season and that lays

BANKING ON BUYERS



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great housing demand

- Over **88,230 units** were sold in Q3 '22 versus 84,930 units in Q2 '22
- MMR recorded the highest sales of approx. **26,400 units**
- 93,490 units** launched in Q3 '22 against 82,150 units in Q2 '22
- MMR & Hyderabad witnessed maximum new units launched
- 36% of new supply launched in the mid-segment (Rs 40 - 80 lakh)
- 28% of new supply launched in premium segment (Rs 80 lakh - Rs 1.5 cr)
- 18% each in the luxury and affordable segments

the foundation for the Jan-March quarter which is usually the best for residential real estate sales. This year again, sales during October-December are expected to remain buoyant despite the hike in interest rates on home loans and increase in property prices," says Dhruv Agarwala, Group CEO, Housing.com, Makaan.com and Proptiger.com.

On the back of strong demand, residential sales have continued to show robust growth while registering sales of 83,220 units, a 49 per cent YoY growth between July-September 2022 as compared to 55,910 units sold in the corresponding period last year, the report states.

Agrees Manoj Gaur, President of CREDAI NCR and the chairman and MD of Gaur's Group. "We are already seeing buoyancy in the housing market since past 12 months. The increase in interest rate did not have any negative impact on the market and the buyer's interest to buy the home has remained intact," he says.

CREDAI expects sales to be at least 30 per cent higher this festive season than last year.

Also, there is very little ready inventory left and most buyers are moving towards the under construction houses. Amit Modi, President, CREDAI Western UP lends another dimension to this. "The real estate segment has become a preference as it promises significant returns and, in our country, is also said to be a prestige symbol. This festive season is also going to bring large number of customers. Like every year, developers are striving to complete projects for possession by Diwali, increasing the scope of investments," Modi says.

It is true that the momentum of both housing sales and new launches have stayed strong in the top seven cities in the third quarter this year despite major headwinds. Explains Anuj Puri, Chairman - ANAROCK Group: "This trend will very likely continue in the upcoming festive quarter as well, since home ownership sentiment has increased hugely post the pandemic. To maintain the sales momentum during the ongoing festive season, developers have rolled out lucrative launch offers which are being received well in the market."

Delhi NCR & beyond

In the Noida market, the positive impact is already visible, as a monthly jump of 30-40 per cent in buyer's enquiry is observed. The market always picks up just before Navratri and keeps soaring till the mid of December. "This time too, Noida's real estate will continue to grow fast. Moreover, it is still an affordable market in the NCR, which is further a growth multiplier," says Ankit Kansal, Founder & MD, Axon Developers, a Gurugram-based developers with active projects in Gurugram and Noida among other cities.

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M3M India, another reputed developer from Gurugram, is witnessing growth across its projects. Pankaj Bansal, Director, M3M India explains: "Irrespective of change in repo rate by RBI, the sentiments of investors in the residential sector are only becoming more aggressive. Gurugram, in particular is seeing an upward demand in the luxury segment with the advent of growing young millennial segment and startups. Our recently launched M3M Capital, golf-styled luxury residential project being built as part of Smart City Delhi Airport project, has received tremendous response from the customers as well as investors. Another residential project of ours, M3M Soultide, is completely sold out. The festive season is only bringing more energy to the sales." Aakash Ohri, Group Executive

expert opinion

Aakash Ohri, Group Executive Director and Chief Business Officer, DLF expects a flurry of new launches, especially in the luxury segment



Dhruv Agarwala, Group CEO, Housing.com, Makaan.com and Proptiger.com. says sales in Oct-Dec are expected to be buoyant despite the interest rate hike

Manoj Gaur, President of CREDAI NCR and the chairman and MD of Gaur's Group sees a buoyancy in the housing market since past 12 months.



Pankaj Bansal, Director, M3M India says despite change in repo rate by RBI, sentiments in the residential sector are aggressive.

rising consumer sentiments. Take for example the Dussehra Bonanza brought in by a number of builders. For example the Runwal Group is rolling out an array of benefits such as 'Easy Payment Plans' and 'Spot Offers' for their projects Runwal Forests at Kanjur Marg West, Runwal Avenue at Kanjur Marg East, Runwal Pinnacle at Mulund West and Runwal Gardens in Dombivli East. Rajat Rastogi, Executive Director, Runwal Group says, "Festive seasons always see a spike in home buying activity. There is an upward movement in volumes and we have witnessed this trend on Gudi Padwa, Akshaya Tritiya, Ganesh Chaturthi etc."

A recent analysis by Kotak and PropEquity shows that Bengaluru saw the highest sales momentum in the first half of current year followed by Mumbai region and Gurugram. In the first quarter of the current fiscal year, the analysis showed that Prestige group from Bengaluru retained the top position with sales of Rs 3,000 crore, followed by Lodha (Rs 2,800 crore) and Godrej (Rs 2,500 crore) from Mumbai and then DLF (Rs 2,000 crore). Sobha and Brigade also achieved high sales of Rs 1,150 crore and Rs 800 crore respectively, it added. Overall, DLF, Macrotech Developers, Prestige Estates and Oberoi Realty emerged as top choices for buyers.

Some headwinds

While the overall sentiments for the residential property market may be upbeat, there are a few red flags along the way. First, the latest interest rate hike by the central bank is set to further increase the cost of borrowing for loan-seekers. This, experts say, may act as a dampener, if not immediately, for sure in the next six-months. Second important dampener may be in the form of an overall increase in the prices of residential units owing to sustained higher input cost. Though the prices of steel and cement have declined after remaining high for a couple of quarter, they are still higher than the same period last year. "Every quarter, some builders are increasing the retail price by a few percentage points. Apart from the cost of materials, higher labour costs is also a cause of concern across some cities," says a Bengaluru-based realty expert. But as they say, those who can, will invest come what may; those who can't will have to wait a bit more. We can only wish for prosperity and happiness for all this festive season. Amen! 🙏

ashish.sinha@businessworld.in

quickbyte

Increase in sales expected this festive season over last year, according to CREDAI

30%



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