

Costlier home loans may hit housing sales: Realtors

Builders expect minimal impact on pent up and festive demand

NEW DELHI

HOUSING sales are likely to be affected as home loans will become costlier after the RBI's latest hike in repo rate, but builders hope that pent up and festive demand will negate any major impact on buying sentiment. Interest rate on home loans is currently at around 8 per cent and is expected to inch towards 9 per cent after the 50 basis points hike in repo rate announced by the RBI on Friday.

This will reduce affordability of buying homes. However, property developers and consultants feel the impact will be "minimal" and not significant as the concept of home ownership has gained momentum during the COVID-19 pandemic.

Moreover, builders are banking on festive demand to sail through. Developers are already offering price discounts and freebies to boost sales during the festival season and may further sweeten the deals to attract fence sitters, they said, and advised prospective homebuyers to take advantage of the offers.

"We expect the rise in repo rate not to impact positive consumer sentiment significantly. Developers are also running multiple festive offers which will aid overall demand," realtors' apex body CREDAI's President Harsh Vardhan Patodia said in a statement.

Naredco Vice Chairman Niranjana Hiranandani said any further hike in interest rate, compounded with commodity inflation, would act as a market dampener. He said the government should make fiscal interventions to check inflation.

Housing sales have risen by 40-



RBI's latest hike in repo rate will have a major impact on home buying sentiment. Interest rate on home loans is currently at around 8% and is expected to inch towards 9% after the 50 basis points hike in repo rate announced by the RBI on Friday

50 per cent in the July-September quarter, despite rising interest rates on home loans and increasing housing prices, according to data released by Anarock and PropTiger.

Housing brokerage firm Anarock's Chairman Anuj Puri said: "With this repo rate hike, home loans will get dearer soon. This could impact residential sales to some extent during the upcoming festive quarter, particularly in the affordable and mid-range housing segments."

However, Pradeep Aggarwal, founder and chairman of Signature Global, which is into affordable housing, said: "We are highly bullish that sales data would increase about 20 to 30 per cent in this quarter and YOY basis also."

Reacting on the RBI's monetary policy, major real estate players

stated that there would be "minimal" and "moderate" impact on housing sales. All of them are banking on strong sales momentum since July last year and current festive demand.

Sanjay Dutt, MD & CEO, Tata Realty & Infrastructure Ltd, said real estate could be dearer by the end of this year owing to a persistent rise in the repo rate. "However, considering the ongoing festive fervor, we expect the market sentiment to remain robust with consistent demand in the real estate sector," he added.

Venkatesh Gopalkrishnan, CEO, Shapoorji Pallonji Real Estate, said this move might impact the home loan category, which may influence the buying sentiments of affordable to mid-segment homebuyers. "While we may not witness a great

upward trend given the current scenario, we have seen good business in recent times, which is likely to continue," he said.

Gopalkrishnan said the ongoing festive season is likely to bring in some positive movement as home-ownership remains important for buyers which will eventually result in sales, especially in the luxury and premium categories.

"We expect that marginal changes will have minimal impact on buying decisions." M Murali, CMD, Shriram Properties Ltd said.

Noida-based Gaur's Group CMD Manoj Gaur too feels the move would have a marginal impact on the real estate sector. The RBI's decision could have an impact on homebuyer sentiment that could lead to a slowdown in sales in the real estate sector, said Reeza Sebastian Karimpanal, President- Residential, Embassy Group. However, she said the impact would be short-term as owning a home still at the forefront of most buyers' minds.

Home loan interest rates may increase now, leading to short-term turbulence in overall housing demand, said Ramani Sastri - Chairman and MD, Sterling Developers Pvt Ltd. Bengaluru-based Brigade Group's CFO Atul Goyal expects "only minimal impact" on the real estate sector and said increase in interest rates for corporate loans will be marginal.

"Home loans are generally linked to floating interest rates with longer tenures. In most cases EMIs will remain the same with the duration of loan getting adjusted. The economy remains strong, and we expect buyer sentiment to be positive.