

TIMES PROPERTY

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The realty market is expected to respond positively after the general election. However, experts say that in the long run, what would matter most to the sector is the enactment of long-pending reformist bills and their effective implementation.

PRABHAKAR SINHA writes

As the multi-phased general election comes to a close, the economic activity in the real estate sector is likely to improve, a number of stakeholders in the sector said.

The prices of residential property in the National Capital Region and other important markets in the country are also likely to rise after the election, experts and stakeholders said.

"All the stakeholders in real estate sector expect a return of increased economic activities over the next six months," said a global consultancy firm, Knight Frank, in its report "Real Estate Sentiment Index".

However, the report further said that political compulsions will supersede any economic urgency leading to a delayed economic expansion during this period. As per the survey of the stakeholders, apart from supply and demand for residential property, prices are also expected to see an upward movement during the next six months.

If an analogy is drawn with the period during the 2009 general election, the report said, the determinants of housing demand are strikingly different this time around. Property prices have risen faster than the growth in household income or general inflation during this period. Interest rates are much higher. Under these conditions, the report said, lack of any meaningful improvement in various factors that affect housing demand would mean the situation will remain the same.

The latest Magicbricks PropIndex prepared by MagicBricks found that over 30% of the tracked localities registered

a fall of 1-9% in capital values. However, rental values rose by 2-16% across India with over 50% localities across cities registering a rise.

Cushman and Wakefield, another real estate consultancy firm, in a reply said that like any other sector, macroeconomic concerns have impacted the real estate sector as well. "After the general election and the emergence of a stable central government, there are hopes of economic recovery," C&W said. Although improving the macroeconomic situation will take time, introduction of the much-awaited economic reforms would boost sentiments and provide an optimistic outlook.

The industry expects the new government to take steady steps in creating a conducive investment environment, speed up the enactment of various pending regulations and, or, bring in clarity on passed regulations, which would help regularize the sector. All these measures would accelerate the growth of the real estate sector.

In addition, a revised budget for 2014-15 is expected to increase allocation on infrastructural development and extend fiscal benefits for housing, IT, and SEZ developments, all of which are expected to accelerate the developmental activities and have a positive impact on the economic growth.

Since India is already recognized by the global investor community as one of the most promising real estate destinations, positive announcements on Real Estate Investment Trusts (REITs) and Foreign Direct Investments (FDI) can create an optimistic ambience, experts say.



Deepak Sharma

Market reforms is TOP AGENDA

QUICK BITES

POSITIVE ANNOUNCEMENTS ON REAL ESTATE INVESTMENT TRUSTS (REITs) AND FOREIGN DIRECT INVESTMENT (FDI) CAN CREATE AN OPTIMISTIC AMBIENCE, EXPERTS SAY

On the regulatory front, it is imperative that bills like the Real Estate (Regulation and Development) Bill 2013 and SEBI (Real Estate Investment Trust) Regulation 2013 are made applicable while reducing ambiguity.

This would not only ensure transparency in the sector but also instil confidence among stakeholders. Also, the challenges in the real estate sector like multiple approvals required by the developers at various stages of development, high borrowing costs, and limited in-

come tax benefits for investing in the assets should also be taken care of, C&W said.

Real estate players are also very optimistic about the turnaround in the sentiments in the sector. Arjun Aggarwal, the CEO of Bhartiya City, said that there is general optimism in anticipation of the results, which would likely lift homebuyer sentiment. However, the economic and employment policies will be the key drivers to growth in real estate, as the recent years have seen a slowdown which has im-

pacted all asset classes.

Property prices should move up positively after the election; while the election results in themselves would not make or break a market, they do affect market sentiments to a significant degree, realty experts said.

A decisive win for any of the alliances would lift homebuyer sentiment and reinstate confidence. If the road to recovery is unhindered, property buyers may very well re-enter the market in good numbers, Aggarwal said. In the long run, what would

property index

RESIDENTIAL APTS: DELHI/NCR

LOCALITY	PRICE RANGE ₹/Sq FEET
Panchshila Park	20700 to 27650
Saket	16700 to 21200
Sarvapriya Vihar	21600 to 27350
South Extension-II	18750 to 24300
Vasant Vihar	29000 to 39400

GURGAON

Golf Course Road	12050 to 14400
Gurgaon-Faridabad Road	7400 to 9000
Sohna Road	7650 to 9850

NOIDA

Sector-44	11300 to 14450
Sector-50	7300 to 8850
Sector-61	7050 to 8100
Sector-92	7200 to 8100

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matter most to the real estate sector is a hard relook at FDI in housing, REIT legislations and the effective implementation of Real Estate (Regulation and Development) Bill, he said.

Rahul Gaur, the CMD of Brys Group, prefers to keep his fingers crossed and says: "We, as entrepreneurs, are always conscious of the fact that businesses and politics have a symbiotic relation and hence the general elections are always a matter of concern for us. However, we have reasons to be more concerned and worried with the current elections for reasons more than one. The economy is in a bad shape and the prospect of a fractured mandate and unstable government at the Centre is something that we don't want. Of course, if the economy has to improve the housing sector has to play a key role. But, for

that, the fundamental need is a strong and stable government with which we can engage in policy advocacy in order to revitalize the economy. What makes me see 2014 as the year of real estate maturity is the fact that after the election REIT, FDI in retail, and a number of other funding options for the sector would actually be put in place."

Anil Mithas, the CMD of Unnati Fortune Group, says: "We are expecting a surge in transactions in the realty sector after the election. There are signs of recovery in the market. The only thing missing is the support of policies. We expect, and there are indications, that the new government will push its growth agenda. The second half of 2014 is definitely going to bring about fresh energy into the real estate sector."