

# A TURNAROUND AWAITS...

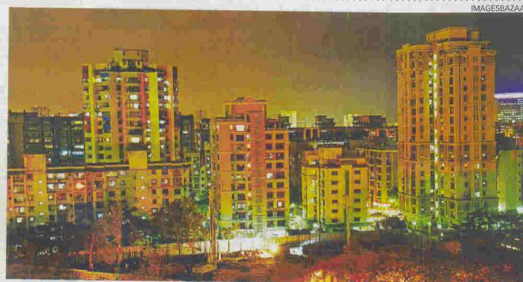
A halt on new project launches in peripheral areas was reported. Also, south Mumbai witnessed a ten-fold jump in new launches. In a recently released report, several such statistics on the performance of the residential sector were revealed and we got a few experts aboard to throw more light on them

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Knight Frank India launched its fourth edition, half yearly report - *India Real Estate*, which provided a comprehensive analysis about how the residential market and the office market performed during the period of July-December 2015 (H2 2015). Shishir Bajjal, chairman and managing director, Knight Frank India, while addressing the media on the eve of the report launch, said, "The story of

Indian real estate in 2015 provided two contrasting pictures. While the residential sector continues to reel under pressure with new launches and sale at the lowest since 2010; on the other hand, the office market continues to grow from strength to strength."

Here, in the first part of the story, we analyse the performance of the residential sector of the Mumbai Metropolitan Region (MMR) and from the consolidated study provided, we picked up four key takeaways and asked our experts for their insights on the same:



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Premium south Mumbai market witnessed a **JUMP OF 108 PER CENT** in new project launches to 208 units in H2 2015. The demand **INCREASED BY 52 PER CENT TO 220 UNITS**

Navin Makhija  
Managing director, Wadwa Group



In premium residential segments, there are two price brackets, the first one being 10-20 crore price bracket and other being 25 crore and above. The sale of homes in the former bracket has shown improvement whereas for the latter, it has remained more or less stable. Here, credible builders are riding high on success. Developers with a proven track record have shown growth whereas builders whose past seems blurred with errors, have not launched any new projects. The focus is now on completing the current projects and selling them.

Sunil Rohokale  
MD and CEO, ASK Group



The south Mumbai market has been stagnant since a very long time. According to me, the movement has been extremely slow and there is a downward trend in the market. Launches have been very far and few. Infact, the developers in order to attract more footfall, have been coming up with new and innovative schemes. There has been some movement in the redevelopment space and surely in that area, sales have shown an improvement but overall, sales are soft. The developers are focusing on selling off their piling inventory and building trust (which seems to have been lost).



New launches in H2 2015 were down by **23 per cent** compared to H2 2014; also, the demand **shrank by 6 per cent**

Niranjan Hiranandani  
Founder and MD, Hiranandani Group



Market forces usually function around the equation, 'demand/supply = price'. The last few years have witnessed a scenario, where the time taken for permissions and clearances has steadily increased to the point where these have actually become 'speed breakers' for real estate projects across the MMR. Issues like Mumbai's DP being proposed, then withdrawn and sent back; a lack of clarity on how much FSI will be allowed in different zones; global economic slowdown; the issue of rates cuts not reaching the home seekers; etc. - have reduced the construction of new launches.

Deep Kantawala  
Head, ICS Corporate Advisors Pvt. Ltd



Significant build-up of inventory, which stands at more than 36 months, relatively high cost of capital and latent demand are key reasons why developers are holding on to new ventures. While there has been a general improvement in economic sentiments, developers are looking at this manifesting into actual demand. Also, the industry is keenly looking at the upcoming budget for positive policy measures - a reduction in interest rates for home loans, an increased lending support from banks, FDI in real estate and general streamlining of approval process.



The 'budget housing' segment (30-60 lakh) was **IN DISTRESS**; Navi Mumbai, peripheral central and western suburbs saw a **DRASTIC DROP IN DEMAND**

Sandeep Ahuja  
CEO, Richa Realtors



The customers are still in an illusion and expect prices to fall sharply, which has kept them away from taking a decision. Besides, the customers are hoping to get clarity on the various infrastructure projects planned around MMR, which would encourage their buying decision. The consumers are still sceptical on the affordability quotient and believe that the prices in the area will diminish even more; thus, the demand has still remained stagnant.

Rajesh Prajapati  
MD, Prajapati Construction Ltd



The buyers are still sitting on the fence and have become more discerning with their purchases. The reasons implied for this is non-clarity on infrastructure projects connecting the peripheral areas to the island city like the Trans-Harbour Link, no appreciation in prices and a lack of incentives for the home-buyers. Earlier, people would invest in extended suburbs as future investments for their kids but now they no longer do so, which has brought the demand down further.



Thane emerged as the silver lining with **DEMAND INCREASING BY 13 PER CENT**

Shailesh Purank  
MD, Purank Builders Pvt Ltd



In the case of Thane, the city has witnessed fantastic infrastructure development in the recent past. Better connectivity to Pune, Mumbai, Navi Mumbai and the neighbouring Gujarat state, followed by affordable housing options, steady real estate prices and quality constructions, have made Thane one of the most attractive destinations in the recent past.

Dharmesh Jain  
Chairman and managing director, Nirml Lifestyle



Thane has established its individual identity on the realty map over the years because of rapid industrial development and robust infrastructural growth. Besides, the government has also played a proactive role and focused on its development. One of the key assets of Thane, is the Ghodbunder Road, which helps it connect to other parts of the city easily; thereby, bolstering its prospects. Hence, from the perspective of property investors, Thane has developed into an ideal real estate destination for investment.