

# STRIKING A BARGAIN

Launch prices in the affordable housing sector have shrunk by 36% in two years, a new report says. Builders are venturing as far as Vangaon, Vasind and Khardi to offer budget homes to buyers

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There are some interesting twists and turns occurring in the Mumbai realty market, and they bode well for the aspiring homeowner.

At least one category of homes in the city is seeing prices slide, according to a report released last week by realty consultancy Cushman and Wakefield. And this is the category most potential homeowners seek — affordable housing, now defined as flats that cost less than Rs 1 crore.

This is true for Delhi-NCR, Chennai, Kolkata, Hyderabad, Pune and Ahmedabad too.

It is worth noting, though, that the average size of the affordable home has also dropped in each of these cities, except Pune.

While the average launch price in the affordable housing sector shrunk by as much as 36% in the Mumbai Metropolitan Region (MMR) in the first quarter of 2016, as compared with the corresponding period in 2014, the average flat size has dropped by 11% in the same period.

"Developers expect the rationalisation in launch prices to increase sales in this highly price-sensitive segment," says Shveta Jain, executive director for residential services at Cushman and Wakefield. "They have been adopting a strategy

of offering residential units in smaller sizes in order to attract buyers."

Jain adds that of the top eight realty markets in the country, MMR witnessed the highest decline in price in this segment over the period specified.

"Developers have come to recognise the potential of the affordable housing segment and are expecting greater momentum in demand from price-sensitive customers," she says.

Among these price-sensitive

customers are the likes of Saransh Bihani, 32, a call centre executive who began house-hunting five months ago.

"When I got married in January, I decided to buy a 1.5 BHK in Kharghar," he says. "The location is ideal because it is close to both our workplaces, has good transport links, and basic amenities such as walking tracks and a common public area. When I was checking projects of the same size at the end of 2014, prices were about 15% higher here. I waited,

and I'm glad I did. I booked a flat for Rs 33 lakh in a new project in January."

#### ON THE FRINGES

With the rapid development in infrastructure and improved connectivity, the outskirts of Mumbai have become a hot destination for affordable housing, say experts.

Where the average launch price in this category stood at around Rs 6,760 per sq ft in the quarter ending March 2014, it had dropped

to Rs 4,300 psf by the quarter ending March 2016. The average saleable area of the flat, correspondingly, fell from 960 sq ft in 2014 to 850 sq ft in 2016.

"Over the past few years, major budget home projects have been undertaken in a concentrated manner in areas around Karjat, Palghar, Boisar and Neral," says Deep Kantawala, head of realty consultancy ICS Advisors.

However, with the prices firming-up in these areas as well, new

projects are now being proposed even further afield within MMR, in areas such as Vangaon, Vasind, Shahpur, Khopoli and Khardi.

"The trend of developing affordable homes is positive as it means quality living facilities for end-customer at affordable prices," says Kantawala.

Since prices in some of the central parts of the cities have become higher and hence beyond the affordability threshold of many buyers, there is a surge in

#### GOING DOWN

Mumbai Metropolitan Region (MMR)	Q1 2014	Q1 2016	% Change
Average launch price (per sq ft)	Rs 6,760	Rs 4,300	-36%
Average unit size (in sq ft) (saleable area)	960	850	-11%

SOURCE: CUSHMAN AND WAKEFIELD Q1 RESIDENTIAL REPORT, 2016

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SHVETA JAIN, executive director of residential services at realty research firm Cushman and Wakefield

apex body MCHI-CREDAI and the government of Maharashtra for affordable housing, construction firm Ajmera Realty has pledged to develop 10,000 affordable homes by 2026.

"Our initiative to develop affordable housing will focus on areas of Kalyan, Ulhasnagar and Khardi and will offer flat prices starting at Rs 10 lakh with sizes ranging from 1RK to 2BHK," says Dhaval Ajmera, director of Ajmera Realty.

With other initiatives to boost affordable housing such as the Reserve Bank of India deducting additional interest of Rs 50,000 per annum for loans under Rs 35 lakh, there is set to be greater supply in this segment, says chief executive officer of Richa Realtors, Sandeep Ahuja.

#### AFFORDABLE FRILLS

Builders are also providing more common amenities to boost the perceived value of a purchase, given the lower saleable area. "So recreational spaces, parks etc can be expected by the buyer depending on the location and price of the flat," says Ajmera.

The cost of construction of affordable homes is more or less constant save for inflationary adjustments. "So if the location meets your requirements, go ahead and make the purchase," says Kantawala. "Even from an investment point of view and given the fact that the entry cost is now relatively low, these projects deliver returns."

Shah of Squareyards also suggests investing in this category. "Demand is only set to rise. So you can expect high yields," he says.

ILLUSTRATION: RAVI JADHAV