

## Future spotlight

*As the incentives to the sector sink in, the demand for housing will show some strong action, most likely in the second half of the year, says Shilpa Sachdev*

Emerging as a buyers' market, the Indian real estate sector is witnessing a period of transition. With two doses of 'stimulus package' already injected, 2009 will be a year of opportunity where active government intervention in fending off the global crisis will show results. The buyer will not only be the biggest beneficiary but will also rule the roost. Developers are going all out to give them what they want at newer destinations.

The customer sentiment towards purchasing a home has changed and it is very likely that this change will translate into a normal buying cycle in the current year given the lower real estate rates, lower interest rates and better incentives. However, customers will be more cautious and will purchase based on need. As a result, developers will have to dish out more rational projects. We can already see the focus being shifted to 'affordable' homes from 'luxurious' offerings.

With the launch of Casa Univis at Thane, Lodha Group made its first foray into the 'affordable homes' sector. A 55-acre modern township, the project saw unprecedented success with over 500 apartments sold in just 15 days. Abhinandan Lodha, director, Lodha Group says: "With increased connectivity and proliferation of the concept of suburban business districts (SBDs), markets like Thane and Dombivali will see major development. Also these markets are hugely under-fed in terms of the quality product available and developers who have the ability to deliver differentiated offerings will create a dent in these markets. This year we have a clear focus on launching products for the discerning middle-income consumer. The Casa range of residences will redefine residential living in the mid-income category."

Akshay Kumar, managing director, Parklane Property Advisors says: "The sector has seen up to 30% corrections from the top largely becoming a user's market. There has been a gentle revival in pockets in the city. Developers are trying to weave different combinations to entice the buyer to the market, so we have a string of newly focussed affordable housing projects mushrooming in the city. Many developers have also re-launched their projects with revised pricing. But the prices will have to be rationalised further to bring the buyer to the market in volumes. Price correction will be the key to revival."

Says Raminder Grover, chief executive officer, Homebay Residential Services, Jones Lang LaSalle Meghraj. "The extended western suburbs - the Vasai-Virar sub-region are known for budget housing. The key drivers here will be the SEZ by DHL, Biotech SEZ by Mahindra and IT SEZ. Connectivity is going to increase by introduction of additional suburban trains from next year. The area adjoining Panvel is benefiting significantly from trunk infrastructure enhancements such as the upcoming new airport, the Trans-Harbour Link, a railway terminus, the upcoming mega SEZ by Reliance and the expansion of JNPT. Many developers have already initiated large township projects in this region. Prime property hunters are still focused on Bandra-Khar area. It will witness increased connectivity by the Bandra-Worli sea-link, the proposed Metro Line 2 and also the upcoming Santacruz-Chembur Link road. Developers there are offering products in redevelopment schemes."

According to **Milan Kothary**, managing director, GVA Intercapitalis: "Traditional spots like Lower Parel, Dadar, and Mahalakshmi where commercial activity is also taking place will see a lot of redeveloped buildings coming up. New developments are also expected in Napean sea road and Malabar Hill. Some SRA projects are likely to come in northern suburbs like Goregaon. But most of this will make their presence felt only in the second half of the year. The first quarter of the year will see subdued action as buyers are still into the 'wait and watch' attitude. The second quarter will gather momentum slowly and some activity will start only from July onwards. Ready products will remain in demand. On the developer side, one can expect some consolidation to happen. Low-cost housing will be a major component in the coming years. The suburban second home market may probably catch up. Sion will be another location of interest."

Ashok Kumar, managing director, Cresa Partners shares: "Navi Mumbai is going to see a

lot of national demand, especially Kharghar and Panvel, as most big developers like Kalpataru and Hiranandani have announced their integrated township projects here. Also with the RBI allowing the ECB route to integrated township projects, they will gain a huge benefit. Beyond Vasai and Virar, places have a further potential to witness demand in the affordable housing category, which will lead the way in the year 2009. The Government is also proactively trying to support the movement for mass housing. The concept of '1 ½ BHK' is also doing the rounds on the developer side. The MHADA rates will be the benchmark. There is a demand if you reduce the price and at this juncture the likeable bracket is Rs. 2000 to 3000 per sqft. Certain prime areas like Andheri, Malad have good potential but with job cuts, people are rethinking on their decision. Prices will have to correct by another 20% for some great action which is only expected in the last quarter of the year."

### Quick BYTES

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