

Strike a bargain

As developers realign prices to meet market realities, it is the perfect time for buyers to identify opportunities and get good deals, says Padma Ramakrishnan

The global financial meltdown has, after the crash, now shifted to the second level - of planning and determining strategies toward finding solutions to ward off the recession and a recalibration of markets based on cautious optimism and realistic growth.

As demand slows, slashing costs, restructuring assets, managing liquidity, finding new sources of equity and seeking active government support come into focus. Repositioning prices is the order of the day. Says **Milan Kothary**, MD GVA Intercapitalis, "Some have even offered free maintenance, material possessions like a modular kitchen/ car and additional FSI to ensure inflow of cash. For buyers, however, lowering of interest rates and actual cost are the only factors."

Sanjay Dutt, CEO, Business Jones Lang La Salle Meghraj, says while developers must realign prices to the market and release innovative financial packages, buyers should identify opportunities and strike good deals.

This is the best time for the buyer, point out developers and experts. While prices may go down further, even now one can bargain and get a good deal. Manoj Vaish, president and CEO, Dun & Bradstreet, advises looking for properties that are ready for possession or nearing completion. Incomplete projects may run the risk of being stuck due to liquidity crunch.

With property prices and interest rates down, besides loan to asset value having increased substantially, it is the right time, endorses Ram Yadav of Orbit Corporation.

He says, "Clearly developers have to become pro buyer, create multiple options within a particular class or segment. Their policy of 'buy it or leave it', will see a paradigm shift. Buyers will ask developers to exhibit their capability to deliver, the transparency in specifications, amenities offered. It is important for the buyer to know the cost of the maintenance of amenities before finalising a purchase. He has to bargain well, be it three years of free maintenance, which will cut his running costs."

Further, says Yadav, "Merely fishing for the bottom is not the answer. A buyer has to look at his time of bargaining and use it to the maximum. Receptivity of the developer is higher today, hence tangible benefits will be easier to get."

Suresh Haware, Managing Director, Haware Builders says, "In this situation of recession we have focussed on coming up with affordable home projects so that they are within the buyers' reach. In the current state where investors are not willing to invest, banks are not giving the required financial assistance it is only the customers that can help to generate stimulus."

Developers like Shailesh Puranik say the buyer can go in for no-frills projects which would be more affordable. The US market is in recession, India's growth rate may slow down but we are still talking of five per cent growth and not negative growth rate.

Dhaval Ajmera, director, Ajmera Group, advises the genuine buyer to fix the budget and look out for a flat of their choice in the areas that have corrected. Developers are coming out with the corrected price and it will not really correct too much further. So those who have steady jobs and can afford a loan must go for it now within the next one or two months. They could cut down on other expenses, which could be secondary.

For developers, constructing affordable homes is the only way to cope with the recession, says Anil Mittal, director, Mittal Builders. "Thane, Ghodbunder Road, Mira Road and Bhayander, Navi Mumbai are places where developers can offer good discounts and other sops. Developers should go all out to help customers to buy."

Joseph Sudhakar, GIC Housing Finance area manager Thane says, "Waiting and watching too long will take the market to further recession. It would mean a vicious circle of projects getting halted or delayed, higher cost of funds which the builder would pass on to the buyer."

Kothary argues that if the real estate industry has to mature and revive, the government has to play a more active role. Prudence in lending still tops the Central Bank's agenda,

since there is concern over deteriorating credit profile of real estate firms and entities. Freebies offered by sellers and demands made by buyers would at the most create a temporary fillip, but for sustenance over a long period of time the roots have to be strengthened and a firm foundation laid based on strong principles, guidelines and regulations. This will include availability of adequate and cheap long term finance, making home loan rates cheaper, permitting access to ECBs for construction funds and allowing smaller investments into the country.

Simplification of the legal framework and introduction of a single window clearance to reduce the time factor, land reforms like transparency in land records, pricing land in line with benchmarks in other developing countries, bringing in stricter laws for defaulting developers to boost confidence of customers and discouraging fly by night developers will lead to development of an organised sector, say experts.

All these will lead to revival and propel the sector in a more purposeful direction. After all, real estate can never lose its sheen and it is only a matter of time before the growth trajectory is back on track with the 'right location' and 'right pricing'.

Quick BYTES

The market is moving towards cautious optimism

Developers are doing their best to woo customers

INPUTS: ARCHANA SINHA

