



THE REAL ESTATE MARKET HAS CYCLICAL HIGHS AND LOWS WHICH CAN BE GAUGED EASILY



HYDERABAD'S RESIDENTIAL REALTY SEGMENT IS CURRENTLY UNDERGOING CONSOLIDATION

EXPERTS&INSIGHTS

REALTYINSIGHT

# Real estate investment logical in sluggish markets

The real estate market is by and large a stable market. Downward trend if any is gradual and over a period of time. This makes real estate a safer investment option

The global share markets are quite volatile, and despite India's positive mid-to-long term economic outlook, it is not untouched by these choppy waters. A lot of hard-won investor wealth has been eroded in the recent past. In these uncertain market conditions, it makes sense to regenerate one's faith in real estate investments which can fortify and enhance capital.

**THE RIGHT TIME FOR LUCRATIVE DEALS**  
Developers are sitting on a huge amount of unsold inventory that is affecting their cash flows and eroding profitability. Moreover, price growth has been more or less flat in the major Indian cities for more than a year. To break out of this deadlock, players are offering handsome discounts and buyer-friendly home loan deals. In short, this is a buyer's market.

**A STABLE ASSET**  
Unlike the share market, real estate market is quite stable. Even if the value of property comes down, it is a gradual process and over a long period of time. This presents a much more favourable scenario than the equity market, which changes its position several times a day. In this sense, real estate investment remain rock solid, even in adverse market conditions with an extreme scenario of a nominal loss.

**THE ADVENT OF SMART CITIES**  
The government has recently announced the list of cities it wants to develop into smart cities. Of course, it will take a few years to initiate the process and complete these undertakings. However, the real estate market operates on anticipatory sentiment, so

**FASTFACT**  
PROPERTY IS A FIXED ASSET THAT ONE CAN TOUCH, SEE, FEEL AND PUT TO WORK



the property markets in those cities will start showing more buoyancy almost immediately. This means that real estate investments there will yield better returns in the long run, no matter how the share market performs.

Also, with major metros expanding to accommodate the influx of more and more citizens, new projects are constantly being announced at the outskirts of the identified smart cities.

**RENTAL INCOME OPPORTUNITY**  
Property purchased in current scenario can be used to generate rental income while its potential selling price appreciates over time - or, in a worst-case scenario, remains at status quo at the purchase price.

**TAX SAVINGS**  
With the government as well as the business lobby successfully pursuing interest rate cuts, home loans are getting cheaper. Lower home loan interest outgo and the associated tax benefits on home loan EMIs generate extra savings.

**SUPERIOR PREDICTABILITY**  
It is not possible to predict how low an equity market will go. After every stock market crash, there is an expectation of either further losses or a turnaround, but never a concrete prediction. The irony is that if the market crashes, almost every investment tool at one's disposal - be it mutual funds, shares, bonds, gold etc. - goes down at the same time, thus multiplying the investor's losses. It is only by keeping a constant hawk's eye on the stock that one can hope to attain some kind of predictability.

The real estate market, on the other hand, has cyclical highs and lows which can be gauged more easily. One can enter the market when it is at its lowest, knowing that prices will not go further down. Builders will not sell at anything less than a pre-determined price, no matter what.

There are various forms of investment such as gold, fixed deposits, the equity market and bonds available, but real estate is the safest bet in the long run - and the most reliable investment instrument.

able investment instrument.

**A TANGIBLE ASSET**  
The final and most decisive rationale for real estate investment is the fact that property is a fixed asset that one can touch, see, feel and put to work. One can either occupy it or rent it out, but it is at all times available for every kind of physical verification. Real estate becomes a part of one's legacy, which can be passed on to the next generations of one's family. Even though the investment required for real estate is larger than most other instruments, both the returns and the assurance of a tangible, physical and performing asset are at all times more than commensurate with the initial outlay.

—Ashwinder Raj Singh, CEO, Residential Services, JLL India

Q&A

## 'Hyderabad is trying to position itself as India's start-up capital'

Vasudevan Iyer, branch director of real estate consultancy firm Knight Frank, shares his insights on the current scenario and the future prospects of city's real estate sector

DIPAL GALA @timesgroup.com

**What is your analysis of Hyderabad's real estate scenario in 2016?**

Hyderabad residential market is currently in a consolidation phase. The city's residential segment in the next financial year will see a gradual improvement with new project launches, absorption, waited average price per sq.ft. The average absorption of 7000 plus units every six months is definitely going to show an upward drift. On the office space front, with the likelihood of Hyderabad graduating from a three million plus sq. ft market to a 4 million plus sq. ft market, 2016 is positioning itself to be another good year for the city's real estate sector. Vacancy levels to drop down to 15 per cent, 5 - 8 per cent shift in rental appreciation. Challenges that will test the absorption in 2016 would be lack of quality supply of commercial space.

**How does the city's real estate sector look today?**

Today is the best time for a consumer to invest in residential sector. The reason being that this segment is in a consolidation phase, coupled with factors such as RBI's incentives, buyers sentiments being positive, the waited average price per sq. ft hovering around Rs 3,500, makes Hyderabad's residential realty segment very attractive.

In the office space category Hyderabad used to be a 3 - 3.5 million sq. ft market in terms of absorption till 2013. However, in 2014, 4.5 million sq. ft was absorbed. 2015 is looking up to be a good year for Hyderabad, al-



though the supply of quality office space in below 16%, Hyderabad's commercial market is positioned to close the year with over 4 million sq. ft in absorption.

**What is the potential that Hyderabad's realty offers?**

Hyderabad is trying to position itself as India's Start-up capital. Key influencers

like constantly evolving infrastructure, availability of quality manpower, low cost of living, low real estate costs, migrant friendly city are certainly going to aid in attracting best of the ideas and talents. This in turn will open doors for new companies to enter Hyderabad market in pursuit of acquisitions and mergers.



**FASTFACT**  
HYDERABAD WILL GRADUATE TO A 4 MILLION PLUS SQ.FT OFFICE SPACE MARKET IN 2016

**Lubi** 50 YEARS OF TRUST ISO 9001 ISO 14001

**FIRE PUMPS**

For: High rise buildings, Commercial buildings, Hotels & Hospitals, Industries, Warehouses

LUBI INDUSTRIES LLP www.lubipumps.com  
M.: 0964266983 | Email : indsales@lubipumps.com

REALTYVIEW

# Indian real estate awaits policy-level remedies

A mere reduction in RBI's repo rate will not suffice to boost the real estate sector in the country

Real estate is a major driver of the Indian economy, but when we consider the larger business environment in the country, it is still only part of the greater whole. When economic crisis hits, real estate is affected along with all other industries. In such troubled times, the policy-makers with whom the power to create a thriving economic is vested assume the task of balancing a policy and regulatory environment in which various industries exist and operate both in an independent and inter-linked manner.

It goes without saying that a country experiencing an economic crisis requires its present government to rethink its policies, or a new government. If there is a change in government, the new government must have a strong comprehension of the economy's existing pain-points, and how the policies that govern the industries that drive the economy need to be individually and collectively boosted.

With the arrival of the Modi government, India is experiencing many welcome changes after many years of lackadaisical economic performance. With a strong, business-friendly government steering the country's economy at the centre, various industries operating in the country began experiencing a revival in both sentiments and growth prospects. The newly-infused vibrancy in the country's business climate was also expected to have a positive effect on the real estate sector, which looked forward to more support from the government by ways of proactive policies.



Unfortunately, the hoped-for remedies have yet to arrive in force. The agenda for reviving the country real estate sector is not a mystery - languishing regulations and clearly needed policy amendments need to be implemented. Among many other things, the government needs to fast-track GST, the land acquisition and resettlement bill and the real estate regulatory bill, and give a concerted push to single-window clearances for residential projects.

While the recent revision in the repo rate by the RBI was expected to boost sentiments in the real estate market, the fact is that reduced interest rates alone will not suffice. The incumbent government must identify real estate as a priority

sector, and roll out policy-level solutions to the problems that have compromised its growth. It is quite evident this festive season that developers have been very conservative about launching new projects. This has direct correlation to the fact that sales have been slow, and that the supply must also be moderated. However, it is necessary for consumer and investor confidence to return if the market is to see any serious revival.

This is where the deployment of policies like the Real Estate Regulatory Bill and Land Acquisition & Rehabilitation Bill would have a massive positive impact. The passing of these bills will render the Indian real estate market more transparent, thereby boosting end-user and investor confidence.

—Arvind Jain, MD, Pride Group

**FASTFACT**  
LANGUISHING REGULATIONS AND CLEARLY NEEDED POLICY AMENDMENTS NEED TO BE IMPLEMENTED

**Festival Offer**

**BOOK YOUR HOME NOW & GET FREE REGISTRATION\* FOR FIRST 20 UNITS ONLY**

Exceptional quality @ Unbeatable Prices

**MB Modi Builders**

READY TO OCCUPY

**sterling homes**  
at Gundla Pochampally Near Kompally  
0.5 Km from ORR Junction  
\*\*Amenities & Taxes extra.

Duplex Villas at ₹ 60\*\* Lakhs

**ADVANTAGES**

- World class Club House
- CC Roads
- Childrens Play area
- Swimming pool
- Sports Facilities

Call : 8099 102 102 | www.modibuilders.com | sales@modibuilders.com