

# Is this a good time to buy?

The next 3 to 6 months will be the best time for people to buy their dream homes, as the coming 3 to 4 years will see an unprecedented boom in the housing market which will see prices going up, experts say



M3M Group, said.

Keeping all these factors in mind, it is an ideal time for end users to take that decision of purchasing their shortlisted property. "Developers are making good offers to promote sales. Instead of paying rentals, which is a net outflow and does not contribute to any asset creation, prospective homebuyers should go in for a home loan where the outflow in the form of EMI ensures an asset creation. There are also a number of good subvention schemes in the market today, which help buffer home loan interest costs for the buyers," Harinder Dhillon, VP (sales) of DLF, said.

Also, with inflation under control, India is entering a low-interest regime and home loan interest rates are widely anticipated to come down substantially. "It will result in lowering of EMIs for homebuyers along with more people meeting the eligibility criteria. This, coupled with rapid urbanization, robust economic growth and higher salaries would create a very large segment of new homebuyers, resulting in enhanced demand for housing, especially in urban areas," Pankaj Bansal says.

However, experts say that investors in real estate should look at long-term investment tenures to reap benefits from the sector. Speculators or short-term investors looking for quick buck have already stopped investing. It is in the best interest of the larger public that these fair weather friends stay out, for they distort prices and artificially inflate sales volumes.

"We believe that investors should operate contrary to market movements—investing when the market is in the troughs and selling during the highs of the crest. It is, however, imperative that investors follow the fundamental rules of investment. Investments should be made with due diligence and, where necessary, on expert advice. Any investment basket should comprise a healthy mix of asset classes, not just real estate, and investors should not over-leverage. Moreover, homebuyers should stick with developers who have a good track record," Amit Oberoi says.

—Mamta Sinha

In view of the current slowdown in the property market and fall in prices—a good opportunity for those looking for best deals—combined with cheapest home loans in 6 years, a question playing on the mind of many buyers and investors is: Is this a good time to invest in property?

Experts say that currently, transactions have been suppressed by demonetization and its impact is likely to continue for a while. Also, markets are still in the price discovery mode and the longer sales remain depressed, the more likely it is for the prices to correct. However, as there is no precedence of demonetization and little quantification of the effect of demonetization, it is difficult to predict timelines or the amount of price correction.

Amit Oberoi, national director (knowledge systems) at Colliers International India, takes a brighter view: This year's Budget focused on the affordable housing segment; by giving this segment 'infrastructure' status and providing the developers of affordable housing access to cheaper capital on a longer tenure, it has made it more lucrative for private sector participa-

tion. Also, affordable projects are now more viable as the Budget raised the time bar to complete these projects, from 3 to 5 years, and also increased the area of housing units by changing the measure from carpet to built-up area. For buyers, the government has provided 3% and 4% interest subsidy on home loans of up to Rs 9 and Rs 12 lakh, respectively. This sector thus offers promising prospects."

Some developers say there is currently a large pent-up demand in the housing market which arose because many prospective homebuyers deferred their buying decision over the last few years in anticipation of price correction.

"The decision by the government to demonetize high value currency notes has added to the perception that the prices will correct further, which may result in homebuyers postponing their buying decision. This is expected to further enhance this pent-up demand, which may lead to an increase in prices moving forward, as we believe the real estate market has already bottomed out and is on a recovery path," Pankaj Bansal, director of



FAST FACTS

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