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# Realty Check: As focus shifts to affordable housing, where is luxury housing today?

The future of luxury housing in India looks bright, even when affordable housing is the flavour of the season.



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There is no doubt that affordable housing has become the flavour of the season. This, however, doesn't mean that luxury housing has lost its sheen and is no longer in demand. In fact, although relatively young, luxury housing has made laudable strides in meeting the rising expectations of the well-travelled in terms of global standards of luxury and comfort. Also, with every passing year, more Indians are joining the ranks of the wealthy. Within the Asia Pacific region, India has the 4th biggest chunk of millionaires with around quarter of million individuals who are decisively in the High Net Worth category. In the Forbes list of the 'World's Billionaires' for 2017, India accounts for an impressive 101. What it means is that more and more of our countrymen are automatically on the market for luxury homes. While regions like the Delhi NCR is emerging as the go-to luxury destination, genuine investors are entering the luxury segment all over India.

### **The Movers and Shakers of Luxury Realty:**

Broadly speaking, there are three kinds of luxury buyers in India — a) consumers exposed to luxury properties across the world and seeking similar benefits and living standards here; b) those who have built themselves up and have a sense of entitlement to all things luxury, and c) thirdly, a miniscule proportion of NRIs who have experienced top notch luxury living and aspire for a similar lifestyle in India.

With globalization becoming a seemingly irreversible process that is now well-entrenched in the national and international psyche, the clientele for this segment is only bound to grow.

### **The (No) Impact of Fiscal Policies:**

Policy-wise, going forward, the luxury segment would gain from the double bearing of the RERA and GST regime, which means transparency and enhanced thrust for high quality investments. Another factor that adds up is that buyers of luxury houses commonly don't take loans for the acquisition and that's the reason why high interest rates don't have much impact on demand in this segment. The higher ticket sizes mean that only investors with considerable capital at their disposal are active in this segment.

**Prime Considerations:**

Credibility of the developer and location are the two key factors for eventual buyers when buying luxury properties. Due to limited availability in prime locations of main cities, these projects tend to give superior returns. Luxury properties by reputed and reliable developers tend to appreciate more. So both end-users and investors alike have strong reasons to go for these kind of properties.

**Distinctly Different:**

Undeniably, a spurt in luxury housing projects in metropolitan cities has opened broader scale of housing opportunities for the consumers. However, luxury housing has its own attractions and charms that continuously enhance the database for its steadfast clientele. Both these segments are like chalk and cheese. Correspondingly they have divergent client sections as well, each one looking at the fulfilment of its customized needs. Any overlap between the luxury and affordable housing patrons is erratic. Any growth in one or both means only positive indices, one denotes good news for the economy and the other for sustainability.

***(By Pankaj Bansal, Director, M3M Group)***