



Is the Mumbai realty market limping back to normal?

Editor | May 21, 2018 @ 01:00 PM

This is the right time for real estate investors to get in the market says Amit Ruparel, Managing Director, Ruparel Realty.

About four years ago the sales of real estate properties started slowing down owing to the high prices, delays in completion of projects and builders not keeping up their promises. To correct the situation the Government came up with certain regulatory changes in the form of implementing GST and RERA (Real Estate Regulation Act). Not only did this cut down all the tricks that the developers were using to lure customers, it also brought in the lost confidence of the real estate investors back into the system.

"The government brought in a huge structural change in real estate market by introducing GST and RERA. Now that the change has settled, the demand for real estate is only going to go up from here," said Amit Ruparel, Managing Director of Ruparel Realty, while talking to a Magic Brick's correspondent.

Although the buyers are slowly coming back, most developers in the larger cities have been struggling to offload their old residential stock. That said the properties in the affordable segment (within the range of Rs.40 lakhs) are holding up in a better way. In addition to the developers, the government is also offering a wide range of incentives for people in the lower and middle income groups to buy ready-to-move in affordable homes.

Through schemes like CLSS (Credit Link Subsidy Scheme) and PMAY (Pradhan Mantri Awas Yojana), the Government is offering interest subsidies on home loans for eligible people who are interested in owning their homes. To make its goal "Housing for all by 2022," a reality, it has come up with PPP (public-private partnership) policy where in the private builders get Rs.2.5 lakh for every affordable home that they build under the PMAY. More and more such compliances are likely to follow, which is going to be great for the industry.

During the initial stages of the RERA and GST implementation, the pace of the real estate project launches had slowed down despite the builders recovering from the demonetization drive that had wiped out nearly 86% of the cash circulation in India. However, with time, the law managed to force the real estate developers to become more responsible and accountable. While under-construction properties saw a slump in demand, ready-to-move-in properties started to thrive as they did not attract GST.

With the government rendering infrastructure status to affordable housing, more and more developers have started focusing on developing projects that come under this segment. Mumbai being a very expensive property market, builders have started to launch studio and one bedroom apartments in huge numbers. They are available in the range of 180 to 400 sqft; and are priced between Rs.40 lakhs and Rs. 60 lakhs, these apartments suit the budgets of many home buyers.

"The government is trying various schemes to bring in funding for the developers to build more affordable segment homes. Basically, I think that's a very good thing. In 2018, we are expecting a moderation in the ready reckoner rates too. If that happens, the stamp duty will come down substantially for the buyer," said Amit Ruparel, while talking to our Magic Brick's correspondent.

Those of the real estate investors who have been waiting for the prices to come down, can now think of investing in Mumbai real estate. With many builders delivering their projects ahead of time, there has been a lot of stock that is available. The demand has just started to pick up and the prices are still at their lowest. In the next five years the prices are highly likely to appreciate across almost all areas of Mumbai. If at all there is a perfect time to invest in real estate, this seems to be it.

Source: Magicbricks Bureau