

PROPWRITER
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The year 2019 was a mixed bag for the real estate sector as a whole and especially for the residential segment. Industry experts observe that the overall growth in the sector was comparatively better than 2018 but the sector was still grappling with negative sentiment from the buyers.

Shishir Baijal, CMD, Knight Frank India is of the view that with the government taking note of the issues of the sector and announcing a slew of measures to boost demand and infuse liquidity in the system. However, the residential real estate sector remained subdued despite all efforts, and saw only a marginal rise in sales of 4 per cent y-o-y in the first half of the year on account of stimulus to the affordable segment.

According to Shalin Raina, MD - residential services, Cushman & Wakefield, the residential sector was slated for a comeback in 2019, given the slew of reforms by the government but the reality was quite different. Some of the factors which contributed to the poor performance were lack of serious investors given the low returns in the residential space lately, dent in developer credibility to deliver projects on time, poor consumer sentiment and the liquidity crisis.



HOW WAS RESIDENTIAL SECTOR IN 2019?

Industry experts and stakeholders observe that the year was a mixed bag for the housing sector which was slated for a comeback this year given the slew of reforms by the government, but it was still grappling with negative sentiment from the buyers

Moderation in sentiments persisted and prevailed in the market, which was further aggravated by an overall slowdown in the Indian economy. In the last quarter, the GDP growth slowed down to 4.5 per cent on the back of a slow-

down in the global economy, dwindling investments and a dip in domestic consumption. "A softening of the GDP growth has also adversely impacted the realty sector which contributes to around 8 per cent of the overall economy in India. It is estimated that in major cities of India alone, there are over 175,000 unsold housing units worth

around ₹1,800 billion," informs Ankit Kansal, founder & MD, 360 Realtors.

A large inventory overhang coupled with a general slowdown in the economy is not going to augur very well for the overall growth of the sector. "The downturn in the economy, along with liquidity crunch, meant that buying property was not a prior-

ity for people. However, the government's various measures, including the booster fund injection and the alternative investment fund is improving the scenario," says Prashant Solomon, MD, Chintels India and hon. treasurer, CREDAI NCR.

Starting with the union budget, the government continued its support to the affordable housing segment. An additional deduction of upto ₹1.5 lakh for interest paid on loans borrowed upto March 31, 2020 for purchase of a home valued at ₹45 lakh has given an added fillip to the affordable housing segment. Further, the GST rate cut was announced under the new scheme of 1 per cent for affordable houses and 5 per cent for other categories.

J.C. Sharma, vice chairman and managing director, Sobha Limited, evaluates, "During 2019, the number of insolvencies increased significantly, highlighting the severe cash crunch faced by several developers. These developers were unable to complete projects and meet their debt obligations in the face of the funding crisis. Despite five consecutive rate cuts by RBI, banks have not passed on the benefits to the borrowers due to large non-performing assets (NPAs). Considering the situation, the government has become proactive and introduced further measures to revive the demand. These comprise corporate tax reduction and last mile funding of Rs. 25,000 crore as alternative investment fund (AIF) for unfinished projects, including projects declared as bad loans or are facing insolvency proceedings."

