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ARE WE HEADED FOR A PRICE CORRECTION?

According to experts, developers with a strong balance sheet and positive financial strength will wait it out and not slash prices; however, those with a huge inventory overhang may reconsider their prices



CALCULATED RISK

true for markets and projects that have done exceptionally well in the recent past," mentions Anuj Puri, chairman, ANAROCK Property Consultants.

Agreeing with Puri, Ankit Kansal, founder and MD, 360 Realtors, adds, "We don't anticipate any significant correction in prices, especially in the affordable and mid-income segments (Rs 40 lakh-Rs 1 crore). Prices have already corrected and there might not be a possibility for a further downward trend. In IT-centric markets such as Bengaluru, Noida, Hyderabad, and Pune, there already is ample underlying demand to foster a healthy momentum. However, a correction in the luxury segment to the tune of five per cent could be expected."

THE ROLE OF DEVELOPERS

may result in movement of sales, largely it would depend on whether home-buying figures high amidst a buyer's list of priorities," mentions Ritesh Mehta, senior director and head - West India, residential services, JLL India.

The pandemic has resulted in a delay in project deliveries, deferred loan repayments by buyers, delay in debt servicing to banks, and an overall slump in demand. "Margins of developers these days are quite thin and costs of project construction are always on an upward trend due to multiple reasons. While we may see a marginal correction in prices in the next 12-18 months, developers will mostly resort to post-possession payment schemes, lease-to-own-models, stamp duty waivers and subvention schemes to attract buyers and increase sales," mentions Mehta.

Experts believe that we might be looking at a change in consumption and investment patterns too. "Therefore, access to funding could turn out to be the key differentiator among projects. While the holding cost of the developers will go up, the pressure to liquidate unsold inventory will also increase. Hence, it would be early to predict the extent of price change," concludes Parveen Jain, vice-chairman, NAREDCO. Hence, the best time to buy a home could be now.

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According to the *Real Estate Sentiment Index Q1 2020* released by Knight Frank India, in association with FICCI and NAREDCO, with pay cuts and job losses, the low and mid-priced segment would be affected the most, followed by sharp wealth erosion.

WOULD BUYERS SHOW INTEREST?

"Many home-buyers will consider postponing their decisions in anticipation of a price correction. However, we believe that only those developers who desperately need cash to beat the crisis may opt for price correction and thus, would try to sweeten the deals for the discerning buyers. But it may not be

Buying a house is and will always be an aspiration of every Indian. "We have been home-hunting for the last three months, however, the lockdown has resulted in pay cuts running till the end of the year. Hence, I have decided to defer the purchase as I don't believe it to be an ideal time to invest," says Mumbai-based working professional, Neha Sharma. Demand in the residential segment will have a varying degree of impact. "The decision to buy a house would depend on parameters like job stability, affordability, and market sentiments. While correction in prices

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