

Prospects of the sector in 2019

Major transformations happened in the sector in the last couple of years, which have created a more transparent business environment, strengthening market sentiments

Year 2018 has been a mixed bag for the real estate sector. While the sector has had to face many hurdles, it also adapted to a rapidly changing regulatory environment and registered some revival in fortunes.

For instance, the residential segment saw a gradual revival this year with sales as well as new project launches increasing steadily in the top 7 cities of Bangalore, MMR (Mumbai Metropolitan Region), NCR, Pune, Chennai, Hyderabad, and Kolkata. As per ANAROCK data, new housing launches in these cities increased by 32%, over 2017, with affordable housing leading the pack in terms of supply and absorption.

This is in sharp contrast to 2017, which saw a significant reduction of 70% in new residential project launches due to demonetization, coming into force of RERAs across the country, and the enforcement of GST.

"In 2018, the market saw considerable quarterly sales growth with 1,78,470 homes snapped up in the first three quarters alone. Assuming that housing sales in the fourth quarter of 2018 remain constant at the third quarter rates, an increase of 15% in the overall housing sales is likely in 2018, over 2017. The office segment largely registered buoyant growth in all the 7 main cities. There is a possibility that the overall office space absorption will increase by 19%, over 2017, if we assume that the fourth quarter numbers of 2018 will match the preceding quarters," **Anuj Puri**, chairman of ANAROCK Property Consultants, said.

Jaxay Shah, president of Credai National, said: "Year 2018 witnessed the Indian real estate sector rise like a phoenix from the ashes, with the entire ecosystem proving a perfect example of sheer resilience in the face of critical policy reforms and pressing financial and administrative roadblocks."

"As we embark on a renewed journey in 2019, with newer and more dynamic facets like REITs, technological advancement, sustainable development coupled with enhanced homebuyers' confidence, we expect an era of unceasing growth for Indian realty. The industry registered an increase in housing sales by an estimated 16% this year, and there are highly encouraging signs that this momentum will continue into 2019 as well."

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As a leading industry body, Credai will continue its relentless push towards establishing a highly flexible and conducive environment for all stakeholders, Jaxay Shah said.

Some of the issues that continued to plague the market were stalled projects in the residential segment, the current liquidity crunch further exacerbated by the NBFC crisis, and a lacklustre pace of developments in the PMAY scheme.

Also, the government's target of building 1 crore urban houses seems to have been over-ambitious, as the PMAY scheme has resulted in a mere 15% new LIG and EWS housing units to date.

Anuj Puri, however, says: "The liquidity crisis



is perhaps the most serious hurdle that the real estate sector faced in 2018, and will continue to face in the first half of 2019. Unless this is resolved, the growth forecast for the Indian real estate industry will remain sombre in 2019. It will affect new launches, especially in the critical first half of 2019, which will also be facing the

uncertainties brought on by the general election."

Property developers, however, say that having faced some challenging times, the sector is set to see better days ahead.

"The implementation of reforms like RERA and GST has resulted in more transparency and accountability in the market. Schemes like Deen Dayal Awas Yojana and Pradhan Mantri Awas Yojna boosted the affordable housing sector this year, which led to the construction of over 31 lakh houses in urban areas and 51 lakh houses in rural areas. Besides, the concepts of smart homes and green homes have revolutionized the standard of living. New framework in terms of policies and technology in infrastructural segment will encourage the growth of housing, going ahead," Ashish Sarin, director and CEO of AlphaCorp, said.

"Further liberalization of FDI policies and regulatory framework have attracted the interest of global investors, which gave fillip to the sector this year. The changing dynamics of the work space helped commercial real estate remain optimistic throughout the year. Also, India's first REIT listing is expected to happen in early 2019, which will bring massive liquidity infusion into the commercial real estate market. Hence, in the coming year, we expect to see healthy demand and supply of housing as well as commercial real estate," Pankaj Bansal, director of M3M Group, says.

— Mamta Sinha

