

Post-demonetisation, real estate enquiries nosedive in city

Umesh M Avannavar, Bengaluru, Dec 3, 2016, DHNS:

But realtors say property prices will not come down



Though enquires from prospective property buyers in Bengaluru have dropped drastically after demonetisation, major realty firms say that the currency ban would in no way lead to fall in real estate prices.

Prestige Group chairman and managing director Irfan Razack says, “No question of price going down...it is a big no from us. Developers work on wafer thin margins of 8-10%. I only predict that if there is a shrink in supply, the price can go up.”

Brigade Group chairman and managing director M R Jaishankar said, “It is a mere speculation that the prices will come down.”

CREDAI Bengaluru President J C Sharma said, “We have spoken to CREDAI members in South India and were told that they are not going to reduce the prices. They strongly believe that there is no scope for reducing the prices.”

Sharma, however, admitted that because of some uncertainty in the last three weeks, there may be 10-20% drop in conversion. Sharma, who is also vice chairman and managing director of Sobha Ltd, said, “As enquiries are not getting into conversion, the way it used to be before demonetisation, the market may remain tentative.”

“We do not see any negative impact on the real estate industry in the city, barring this quarter. The move will eventually result in interest/lending rates coming down making housing more affordable to all. We only expect the market to consolidate further with this move,” he added.

Real estate players admit that enquiries have dropped drastically after demonetisation. Bengaluru-based Fortuna Group director S V Rajesh Kumar said, “Enquiries have dropped drastically, almost by 60-70%. People are struggling to meet the daily needs. The grim situation will continue for the next four to five months. Then, people will think of buying homes. It is a long short no.”

Asked whether companies would start offering discounts to lure more customers, Kumar said, “I think it is not necessary. As the Bengaluru market is only Rs 5,000 to Rs 6,000 per sq ft, where will you give discounts?”