

Rate hike won't curb realty demand: Survey

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Mumbai: Prospective home buyers in eight Indian cities, including Mumbai, Delhi and Bangalore, feel that prices of houses are already high, but interestingly, they also expect the prices to rise further. And brokers too agree.

Mumbai, usually known for a high level of speculative demand for real estate, is witnessing demand from those who intend to buy property. On the other hand, speculators are eyeing properties in cities like Ahmedabad and Pune, a survey of real estate buyers and brokers by ICICI Securities reveals. "Most buyers expect property prices to rise, although they perceive prices are already high. This indicates cautious optimism," the report concluded. "Perception of home prices being high is maximum in Mumbai and Pune," the report added.

The survey was done with the objective of looking at price perception among home buyers, their expectations about home prices and the affordability factor, said Gaurav Pathak of I-Sec who has co-authored the report.

On the affordability aspect, the report noted, there was good demand for homes at current prices and developers were in a position to convert demand into transactions quickly. On the other hand, Pathak believes, any hike in interest rate is unlikely to dent either home prices or volumes.

The survey also concluded that at present, about 64% Indian home buyers are endusers, meaning they intend to buy to live in the house. This indicates that for every three houses being sold, one is being bought for investment purpose while two are for enduse. I-Sec report also said that Indian home buyers are looking at new properties in upcoming locations, they are comfortable with leverage and the primary demand is for homes priced between Rs 20 lakh and Rs 50 lakh.

The survey by I-Sec among real estate brokers showed that there was a perceptible tilt towards affordable housing in terms of queries from buyers while queries for houses in the premium segment have dropped significantly.

Home Truths

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