

2017- A Watershed Year for India Real Estate

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2017 has been a watershed year for the Indian Real Estate sector. The industry witnessed various policy reforms – ranging from an impetus to affordable housing in the Union Budget 2017-18, to the introduction of RERA and GST. While demonetisation translated into a reservation among prospective buyers to part with their cash reserves, RERA and GST affected the supply side. However, these reforms have had a positive impact as well, the fruits of which will ripen in the coming years.

On the commercial front, 2018 will see a steady demand for Grade ‘A’ office spaces. Foreign investors eyeing Indian real-estate have hailed the recent government reforms as the harbinger of transparency and accountability in the sector. According to a recent report, jointly published by PricewaterhouseCoopers and Urban Land Institute, **Mumbai has been ranked 12th in the list of preferred investment destinations for 2018, followed by Bengaluru and Delhi on the 15th and 20th spots respectively. Mumbai’s vacancy rates, though high, are steadily declining, indicating a strong absorption trend, being driven by consolidations, co-working and manufacturing & services companies.**

The announcement and subsequent implementation of RERA paved the way for best practices in the sector. As part of adapting to these reforms, we foresee developers adopting a consolidated approach to strategically market and sell their inventories. Smaller developers are now exploring joint development/joint ventures and other modes of partnership with established players, to improve sales and to raise equity and/or debt funding. Implementation of GST is likely to reduce construction costs to some extent. Passing on these cost savings to customers can give a fillip to demand for homes.

2018 will see buyer sentiments recovering from the uncertainties of recent times. Specifically, the luxury housing segment, for which demand is very end-user driven, is witnessing robust growth owing to HNIs and increasing customer aspirations for a luxurious lifestyle. Such an increased customer appetite works well for our business which aspires to build properties that represent world class standards of customer centricity, design, construction and quality.

We, at Piramal Realty, strive to constantly raise the bar of lifestyle and luxury living in Mumbai.. We continue to seek out land parcels that can be transformed into developments which positively influence the lives of people. We believe quality real estate will always be valued and are optimistic about our projected sales for the next fiscal.