

Publication:	Business Standard	Edition:	Mumbai
Date:	14-Aug-2017	Page No:	01 & 02
Supplement:	Main	Size (cm2):	288.73
Title:	REALTY LAUNCHES COULD DIP THIS FESTIVE SEASON	Byline (Author):	RAGHAVENDRA KAMATH

REALTY LAUNCHES COULD DIP THIS FESTIVE SEASON

Real estate launches could come down by 10-30 per cent on a yearly basis in key residential markets such as Mumbai, Gurugram and Bengaluru during the festive season. The reason is compliance with the Real Estate (Regulation & Development) Act of 2016. There has been a 17 per cent decline in launches since the second half of 2016, with 40,600 new units introduced in the first half of 2017 in prime cities. **RAGHAVENDRA KAMATH** writes 2 ▶

Realty launches could dip this festive season

RAGHAVENDRA KAMATH
Mumbai, 13 August

New real estate launches could come down by 10-30 per cent on a yearly basis in key residential markets such as Mumbai, Gurugram and Bengaluru in the coming festive season.

The reason is compliance with the Real Estate (Regulation & Development) Act of 2016. Rera, as it is referred to, makes it mandatory for developers to register their projects with the Rera Authority, put 70 per cent of project proceeds in an escrow account and prohibits all pre-launches, a popular way of raising initial funds for developers.

There has been a 17 per cent decline in the number of new launches since the second half of 2016, with 40,600 new units introduced in the first half of 2017 in prime cities. Mumbai and Bengaluru were at the forefront with 35 per cent and 33 per cent of total launches, respectively, says Colliers International, the commercial realty entity. "We expect Rera and GST (goods and services tax)



RERA, GST HIT DEVELOPERS

- Launches to come down 25-30% in second half of 2018 in Mumbai
- Launches to come down 10-15% down in NCR and Bengaluru
- There has been a 17% decline in new launches since second half of 2016
- 40,600 units launched in the first half of 2017 in key cities
- Mumbai & Bengaluru were at the forefront with 35% and 33% of total launches

compliance will remain a challenge for several developers, for at least the next six months," said Surabhi Arora, senior associate director at Colliers.

The company says launches will be down 25-30 per cent in the second half of 2018 in Mumbai and 10-15 per cent down in the National Capital Region and Bengaluru.

However, experts say sales should pick up in the festive

season. "Sales should improve. Wherever the Rera mechanism is in place and construction happening, I believe fence-sitters will take a call," said Amit Bhagat, chief executive at ASK Property Investment Advisors.

Added Arora of Colliers: "We expect buyers who have been holding back their buying decision will buy properties. Buyers will go for ready

and Rera-registered projects."

While demonetisation had hit property sales badly in the third quarter of 2016-17, GST hit sales of luxury projects, as buyers need to now pay additional tax under the new levy. In the first half of 2017, about 58 per cent of new launches were in the mid-end segment. Luxury and high-end properties represented only 17 per cent and 25 per cent.

