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**ET Q&A** **IRFAN RAZACK**  
CMD, PRESTIGE GROUP

## 'There'll be Lot More Stability in Realty, Going Forward'

COMPANY PHOTO



Prestige Group, one of the largest listed real estate companies in the country, is gearing up for greater things given that the uncertainty caused by the Real Estate Regulatory Act and the goods and services tax is behind us. It recently concluded a corporate restructuring to take the business to the next level. In an interview with **Sobia Khan**, Irfan Razack, CMD of the group, talks about the reasons for the restructuring, fund-raising plans and the impending revival of the Indian real estate market. Edited excerpts:

**What is the status of corporate restructuring at Prestige Group?**

The restructuring got completed this March 31. Now we have got separate verticals – office, retail, hospitality and residential. Prestige Estate Projects is the holding company for all these special purpose vehicles. So, there is no dilution in ownership, there is no change in ownership.

**Why was the business vertical separated?**

We have segregated the businesses more for reporting and proper monitoring and management. There will be people heading each of these verticals, with more power, not only to manage but also to grow.

**Will Prestige raise capital against these new business verticals?**

At the moment, there is nothing. But then it's business; it could happen any time. Now there are so many opportunities. But it is not necessary that I have to monetise immediately. It all depends on the timing and the type of deal you could get.

**Would you look at a REIT listing?**

My strategy will be to grow the office portfolio, to get a big critical mass. We

have a substantially good portfolio. There are two ways to grow the portfolio. One way is to do it on your own and the other way is, at some point of time, if you want to get somebody to partner you, you can. So, that way, there is less reliance on debt and you get earnings quickly. Prestige Estate Projects' income from retail and commercial properties is expected to reach ₹1,700 crore in the next three-four years from ₹750 crore at present. The company has 65 ongoing commercial projects, comprising around 56.94 million sq ft.

**The IT industry is going through a slowdown. Can we expect absorption to pick up?**

Today, commercial space vacancy is less than 5% and there is not too much supply coming in. Whatever supply that comes in will definitely be absorbed. Bangalore has been absorbing something like 30 million sq ft every year. So if the 30 drops to 11 or to 12, it's not going to be a big change. You have cycles in every business. And I don't think that much supply is coming in. So we have to have our ear to the ground and build not in secondary areas, build in the prime areas.

**Is the industry recovering?**

In the last two quarters, there were a lot of uncertainty due to RERA (Real Estate (Regulation and Development) Act, 2016) and GST (goods and services tax). With that what happens is customers also try to hold back. But I believe going forward, there is no more suspense. Maybe another quarter or so for things to stabilise and for people to understand it. Then, it's going to be bouncing back in a big way. From the beginning of October, things will be very different. There will be lot more clarity, lot more stability and positivity.

