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Bengaluru sees 23% drop in new launches

Demonetisation, RERA force developers to focus on inventory disposal

ANIL URS

Bengaluru, September 11

Bengaluru's residential market has seen 23 per cent drop in new launches after the Real Estate (Regulation and Development) Act (RERA) came into effect.

"During the first half (H1) of 2017, the city ranked second in total residential launches in the country with about 13,400 new unit launches," said Colliers International's research.

'Notable drop'

"The market faced a notable drop of 23 per cent compared to H1 2016. Localities such as Yelahanka, Devanahalli, Ranchenahalli and Kogilu recorded the highest number of launches in the city. It was also noted that most of the new launches were in the mid-segment category catering to the higher demand from information technology employees," it added.

Acknowledging slowdown, Ashish R Puravakara, Managing Director at Puravankara Ltd and President of CREDAI Bengaluru,



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said, "Builders will now be cautious like never before. They are now more focussed on selling off the existing inventory. This has now led to the rise in demand for ready-to-move-in homes across the Bengaluru market."

Moreover, the strong office sector performance in Bengaluru indicated a healthy demand scenario for the residential sector in the medium-to-long term.

"This is an unprecedented situation for all developers across In-

dia. Demonetisation has resulted in fundamental change in most of the developers' approach towards their businesses and when RERA kicked in, they were forced to put their house in order," Goutam Chakraborty, Senior Director, Colliers International India, said. "To make their existing projects RERA-compliant, the developers were left with no bandwidth and had to take a pause before taking any further decisions related to new projects, thus leading to decline in

number of new launches in Bengaluru," he added. In such a scenario, the notification of RERA and its stringent regulations have put additional pressure on the developers to get registered with the authority and to comply with the rules of the Act.

Although many of the developers were proactive in registering their ongoing projects, those who failed to do so will be barred from advertising, marketing, booking, selling or offering for sale, or inviting persons to purchase.

Capital values

The capital values in locations such as central areas, Airport Road, Whitefield and Yelahanka recorded 3 to 6 per cent decline in H1 2017 while off-central locations such as Jayanagar, Sadashivanagar, Bannerghatta and Koramangala witnessed a 1 to 4 per cent increase.

"We expect capital values to largely remain stable in short-to-medium term owing to the present sceptical situation in market post RERA. In terms of residential sales, in spite of expected fall in the number of launches in upcoming quarters due to RERA implications, the mid-range segment will continue to drive sales as the festive season approaches in September and October," said Chakraborty.

