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No Dussehra cheer for realty projects

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MUMBAI: The effect of demonetisation, goods and services tax (GST) and cash crisis kept realty sales on Dussehra, which was celebrated on Saturday, low, claimed developers.

Dussehra and Diwali are considered auspicious to buy homes. Earlier maximum projects were launched on these occasions, but recession has brought down the number in the past few years.

Anand Gupta, member, Builders Association of India (BAI), said, "The economy is not conducive. Sentiments are against the real estate sector. Homebuyers are not ready to take a plunge now. As builders are under pressure from banks and financial institutions to recover old loans, they haven't launched new projects."

Lias Foras, the real estate research firm, blamed huge pile of unsold homes and exorbitant prices. "Homes will be sold only when builders reduce the prices," said Pankaj Kapoor, CEO of the firm.

THE PROBLEMS

- Prices continue to remain exorbitantly high
- Sentiments of homebuyers are that prices will drop eventually
- Although the Reserve Bank of India (RBI) has reduced interest rates on home loans, they continue to remain high
- It takes years to get approvals which increase the cost of the project substantially
- Institutional financing is a big problem and hence builders are dependent on private moneylenders, who charge high interest rates, making projects costlier

Around 2.67 lakh homes in the Mumbai Metropolitan Region (MMR) are unsold, of which 1.05 lakh are in Mumbai.

Kapoor said instead of launching new projects, builders should concentrate on selling their existing stock.

