

ART Housing Finance – Coverage

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The Times of India (Kanchan Gogate)



Publication	The Times of India
Headline	Bank on this
Page Number	2
Edition	Chennai
Date	24 th November 2018



BANK ON THIS

Despite the fund crunch in the industry, there has been a significant growth in home sales across the country, if the festive period is anything to go by

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After the festive period, the real estate sector in the country is expected to maintain momentum according to the latest analysis. The period has recorded considerable growth in new launches across segments. Experts feel that the current growth

pattern is most likely to favour home-buyers as the festive period has exhausted the unsold inventory and fresh stock is making inroads into the market. Again, ready-to-move-in properties are most likely to offer handsome returns to investors as there has been a marginal price increase this year as compared to the previous year. With Non-Banking Finance Compa-

nies (NBFCs) and Housing Finance Companies (HFCs) facing some pressure owing to liquidity strain, experts feel home-buyers should weigh all the options from lenders. They further add that home loan borrowers stand to gain if they adopt a cautious approach. On the positive side, the housing finance sector has been showing growth in the last few years.

Expert speak

Prime HFCs are still lending to borrowers at competitive rates. Again, they provide more focused services to customers. Ease to customers, superior service standards and better penetration have helped HFCs increase market share from 33 per cent to 43 per cent over the last eight years.

■ **AMIT GOENKA**,
MD, Nisus finance

RBI has directed banks to assist NBFCs in refinancing their existing debts by partly supporting bonds sold by them. Going forward, in order to not only regain the trust but also increase the customer base, NBFCs and HFCs are likely to offer home loans at valuable rates. The home-buyers with good credit score can take advantage of this situation by identifying a financial institution from where they can access credit (home loans) at a competitive rate.

■ **RANJEET KUMAR MISHRA**,
chief credit officer,
ART Housing Finance

Amid HFC crisis, home-buyers stand to gain as their interest rates are usually stable and do not change frequently. NBFCs/HFCs offer robust processes, strong documentation, approve only credible projects and are better aligned with customers' financial status. They are better equipped to withstand market shocks.

■ **AMIT WADHWANI**,
co-founder, Sai Estate
Consultants

RESURGENCE IN SIGHT

- Analysts say sales numbers have increased in the festive quarter;
- In comparison to Q3 2017, sales increased by 15 per cent in a year across the top seven cities, says Anarock Property Consultants;
- The average national property price of the top seven cities at the end of October 2018 was Rs 5,546 per sq ft, while during the period in 2017, it was Rs 5,485 per sq ft;
- Out of the total new supply across the top seven cities from January to October 2018, the affordable segment comprised of nearly 40 per cent;
- Slight price corrections hint good return on investment;
- Investment at this point can give end-users and investors better value.

LOAN GROWTH PATTERN

- Loan growth has averaged at around 11 per cent from 2012 to 2018 with a shift from traditional banking channels to NBFCs;
- The housing finance market has been growing at a CAGR of around 16-17 per cent for the last five years;
- Housing loans disbursed by banks surged by 15.6 per cent in the last 12 months to Rs 10.5 lakh crore;
- The NBFC sector grew by Rs 1.6 lakh crore in credit;
- According to the 'State of Affordable Housing 2018' FSG report, CLSS is a major growth driver for the segment;
- Of the 77 registered HFCs, 26 are operating in the affordable housing segment.