

The current growth pattern favours realty investors offering them good value propositions, opine experts. Amid a fluid HFC scenario, they advise home loan borrowers to vet all options from lenders

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The real estate in the country is expected to maintain momentum after the festive phase, according to the latest analyses. The period has recorded a considerable growth in new launches across

Again, ready-to-move in properties are most likely to offer handsome returns to the investors as there has been a marginal price increase this year as compared to the last. With non-banking finance companies (NBFCs) and housing finance companies (HFCs) facing some pressures owing to liquidity strain, experts

IT'S FALLING IN PLACE



ADVANTAGE HOMEBUYERS

- Though NBFCs and HFCs are facing fund crunch, there are 'no crises' avers the corporate affairs ministry
- RBI has been trying to increase bank credit to NBFCs and HFCs
- Experts feel that homebuyers stand to gain as long as their home loans are disbursed
- Homebuyers should weigh all options for home loan comparing all lenders banks, HFCs and NBFCs
- Slight rate hike by NBFCs will not have a major impact on homebuyers
- HFCs and NBFCs issued statements saying they are not facing crisis
- Due to healthy competition, banks and HFCs are more proactive in sanctioning loans
- Homebuyers should crosscheck advantages and disadvantages of taking loans from banks vs NBFCs/HFCs
- HFCs follow what is known as 'Benchmark Prime Lending Rate (BPLR)' model
- Banks follow Marginal Cost of Lending Rate (MCLR)
- More than competitive interest rates, processing fees, prepayment and foreclosure fees matter more

LOAN GROWTH PATTERN

- Loan growth has averaged at around 11% from 2012 to 2018 with a shift from traditional banking channels to NBFCs, says RBI data
- Housing Finance market has been growing at a CAGR of around 16%-17% for the last five years, NHB statistics says
- Housing loans disbursed by banks surged by 15.6% in the past 12 months to Rs 10.5 lakh crore
- The NBFC sector grew by Rs 1.6 lakh crore in credit
- Affordable loans have seen sharp growth in less than five years
- According to the 'State of affordable housing 2018' FSG report CLSS is a major growth driver for the segment
- Of 77 registered HFCs, 26 are operating in affordable housing segment
- Defaulters pose major challenge before HFCs

segments. Experts feel that current growth pattern is most likely to favour homebuyers as festive period has exhausted unsold inventory and fresh stock is making inroads into the market.

feel homebuyers should weigh all the options from the lenders. They further add that home loan borrowers stand to stand to gain if they adopt a cautious approach. On the positive side housing

finance sector has been showing growth in the last few years.

Ashwini Kumar Hooda, deputy managing director, Indiabulls Housing Finance, says that prime HFCs are still lending borrowers at competitive rates. "Again, they provide more focused services for customers. Ease to customers, superior service standards and better penetration have helped HFCs increase market share from 33% to 43% over last eight years," Hooda says.

Amit Goenka, MD, Nisus finance, opines that amid

HFCs crisis, homebuyers stand to gain as their interest rates are usually stable and do not change

very frequently. According to him, "NBFCs/HFCs offer robust processes, strong

documentation and approve only

RESURGENCE ON THE WAY

- Analyses say the sales numbers have increased in the festive quarter
- In comparison to Q3 2017, sales increased by 15% in a year across the top seven cities, says ANAROCK analysis
- The average national property price of the top seven cities at the end of October 2018 was Rs 5,546 per sq ft, while in the corresponding 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, affordable segment comprised of nearly 40%
- Slight price corrections hint good return on investment
- Investment at this point can give end-users as well as investors better value propositions

credible projects and are better aligned with customer's financial status. They are better equipped to withstand market shocks." Amit Wadhvani, co-founder Sai Estate Consultants, states that RBI has directed banks to assist NBFCs in refinancing their existing debts by part supporting

bonds sold by them. "Going forward, in order to not only regain the trust but also increase the customer base, NBFCs & HFCs are likely to offer home loans at valuable rates. The homebuyers 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," Wadhvani adds.

Ranjeet Kumar Mishra, chief credit officer, ART Housing Finance, says that increased focus on affordable housing, supportive demographics in terms of a growing working-age population and urbanisation are some of the other key factors that will ensure continued growth of housing finance sector.