

ART Affordable Housing Finance – Coverage
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RBI Monetary Policy



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Real estate revival likely to be delayed

OUR BUREAU

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The rate-hike by the central bank could further hurt the real estate sector. According to industry experts, the increase would dampen buyers' sentiments.

Surendra Hiranandani, Chairman and Managing Director, House of Hiranandani, said: "The hike will certainly impact credit growth and further delay the revival of the real estate sector. Construction activity had started to pick up slowly after the implementation of policy reforms, but the rise will hurt consumer sentiment. The sector was looking for some encouragement that would move the needle towards accelerated growth after RERA and GST. Interest rates and regulation will decide the long-term success of the real estate sector in India."

Arvind Hali, MD and CEO, ART Affordable Housing Finance, said: "While the immediate impact may be marginal, it comes immediately on the back of a previous rate hike in June, and may further slow down activity in the realty market. We would have to see how banks react to this, as any increase in home loan rates

will affect the existing consumers as their loan repayment tenors would increase. In case of new customers, this will be about relooking at their budgets, further delaying their purchase and impacting the developer's sales velocity or offtake."

However, not all agree. Anuj Puri, Chairman, ANAROCK Property Consultants, said that this may lead to a hike in home loan rates, but the overall real estate sector now rests on a strong footing and buying decisions may not be altered by these marginal changes.

"These numbers clearly indicate that the markets are now recovering from the shocks of structural changes and policy reforms. In fact, genuine home buyers have welcomed these actions, which have imbibed the much-needed financial discipline, accountability and transparency in the sector.

"With lucrative deals on the table, serious end-user demand is back on the market, and marginal hikes in home loan rates are unlikely to deter buyers who have been sitting on the fence for some time now waiting for the right time to seal the deal," said Puri.

