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## Costlier home loans may have minimal impact during festive demand: Builders

Housing sales are likely to be affected as home loans will become costlier after the RBI's latest hike in repo rate, but builders hope that festive demand will negate major impact on buying sentiment

Housing sales are likely to be affected as home loans will become costlier after the RBI's latest hike in repo rate, but builders hope that pent up and festive demand will negate any major impact on buying sentiment.

Interest rate on home loans is currently at around 8 per cent and is expected to inch towards 9 per cent after the 50 basis points hike in repo rate announced by the RBI on Friday. This will reduce affordability of buying homes.

However, property developers and consultants feel the impact will be "minimal" and not significant as the concept of home ownership has gained momentum during the COVID-19 pandemic.

Moreover, builders are banking on festive demand to sail through.

Developers are already offering price discounts and freebies to boost sales during the festival season and may further sweeten the deals to attract fence sitters, they said, and advised prospective homebuyers to take advantage of the offers.

"We expect the rise in repo rate not to impact positive consumer sentiment significantly. Developers are also running multiple festive offers which will aid overall demand," realtors' apex body CREDAI's President Harsh Vardhan Patodia said in a statement.

Naredco Vice Chairman Niranjan Hiranandani said any further hike in interest rate, compounded with commodity inflation, would act as a market dampener. He said the government should make fiscal interventions to check inflation.

Housing sales have risen by 40-50 per cent in the July-September quarter, despite rising interest rates on home loans and increasing housing prices, according to data released by Anarock and PropTiger.

Housing brokerage firm Anarock's Chairman Anuj Puri said: "With this repo rate hike, home loans will get dearer soon. This could impact residential sales to some extent during the upcoming festive quarter, particularly in the affordable and mid-range housing segments."

However, Pradeep Aggarwal, founder and chairman of Signature Global, which is into affordable housing, said: "We are highly bullish that sales data would increase about 20 to 30 per cent in this quarter and YOY basis also."

Reacting on the RBI's monetary policy, major real estate players stated that there would be "minimal" and "moderate" impact on housing sales. All of them are banking on strong sales momentum since July last year and current festive demand.

Sanjay Dutt, MD & CEO, Tata Realty & Infrastructure Ltd, said real estate could be dearer by the end of this year owing to a persistent rise in the repo rate.

"However, considering the ongoing festive fervor, we expect the market sentiment to remain robust with consistent demand in the real estate sector," he added.

Venkatesh Gopalkrishnan, CEO, Shapoorji Pallonji Real Estate, said this move might impact the home loan category, which may influence the buying sentiments of affordable to mid-segment homebuyers.

"While we may not witness a great upward trend given the current scenario, we have seen good business in recent times, which is likely to continue," he said.

Gopalkrishnan said the ongoing festive season is likely to bring in some positive movement as homeownership remains important for buyers which will eventually result in sales, especially in the luxury and premium categories.

"We expect that marginal changes will have minimal impact on buying decisions." M Murali, CMD, Shriram Properties Ltd said.

Noida-based Gaurs Group CMD Manoj Gaur too feels the move would have a marginal impact on the real estate sector.

The RBI's decision could have an impact on homebuyer sentiment that could lead to a slowdown in sales in the real estate sector, said Reeza Sebastian Karimpanal, President- Residential, Embassy Group.

However, she said the impact would be short-term as owning a home still at the forefront of most buyers' minds.

Home loan interest rates may increase now, leading to short-term turbulence in overall housing demand, said Ramani Sastri - Chairman and MD, Sterling Developers Pvt Ltd.

Bengaluru-based Brigade Group's CFO Atul Goyal expects "only minimal impact" on the real estate sector and said increase in interest rates for corporate loans will be marginal.

"Home loans are generally linked to floating interest rates with longer tenures. In most cases EMIs will remain the same with the duration of loan getting adjusted. The economy remains strong, and we expect buyer sentiment to be positive.

"We are currently witnessing a consistent demand for real estate, and we anticipate the current momentum to continue with increased hiring and salary hikes in the IT and ITeS sectors," he added.

Anup Agarwal, CFO of Gurugram-based AIPL, said the Indian economy is much better placed compared to many other countries and hence, the demand is expected to remain intact despite the rate hike.

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## **Expensive home loans could hurt property sales; builders anticipate minimal impact on festive demand**

Home loan interest rates are now at 8%, and with the 50-basis point increase in repo rate announced by the RBI on Friday, they are anticipated to nudge closer to 9%. This will make buying a home less affordable.

The RBI's most recent increase in the repo rate is likely to have an impact on housing sales since home loans will become more expensive, but builders are hopeful that pent-up demand during the festive season would outweigh any significant effects.

Home loan interest rates are now at 8%, and with the 50-basis point increase in repo rate announced by the RBI on Friday, they are anticipated to nudge closer to 9%. This will make buying a home less affordable.

The idea of home ownership has gained popularity during the COVID-19 pandemic, although property developers and consultants believe the impact will be "minimal" and not significant.

Furthermore, builders expect festive demand to be strong.

They stated that developers may further sweeten the deals to entice those who are on the fence to buy homes, adding that they should take advantage of the discounts and amenities already being offered by the developers to promote sales over the festival season.

"We expect the rise in repo rate not to impact positive consumer sentiment significantly. Developers are also running multiple festive offers which will aid overall demand," realtors' apex body CREDAI's President Harsh Vardhan Patodia said in a statement.

Niranjan Hiranandani, vice chairman of Naredco, stated that any additional interest rate increases along with the inflation of commodities would impact the market. He suggested that in order to control inflation, the government should make fiscal changes.

According to data supplied by Anarock and PropTiger, home sales increased by 40–50% in the July–September quarter despite rising home loan interest rates and rising housing costs.

Housing brokerage firm Anarock's Chairman Anuj Puri said: "With this repo rate hike, home loans will get dearer soon. This could impact residential sales to some extent during the upcoming festive quarter, particularly in the affordable and mid-range housing segments."

However, Pradeep Aggarwal, founder and chairman of Signature Global, which is into affordable housing, said: "We are highly bullish that sales data would increase about 20 to 30 per cent in this quarter and YOY basis also."

Major real estate players predicted that the RBI's monetary policy will have a "minimal" to "moderate" influence on housing sales. They all rely on the current festive demand and the high sales momentum that has existed since July of last year.

Real estate prices may increase by the end of this year, according to Sanjay Dutt, MD and CEO of Tata Realty & Infrastructure Ltd.

"However, considering the ongoing festive fervor, we expect the market sentiment to remain robust with consistent demand in the real estate sector," he added.

The CEO of Shapoorji Pallonji Real Estate, Venkatesh Gopalkrishnan, stated that this decision may have an effect on the home loan category, which may have an impact on the purchasing plans of purchasers in the affordable to mid-segment.

"While we may not witness a great upward trend given the current scenario, we have seen good business in recent times, which is likely to continue," he said.

The current holiday season, according to Gopalkrishnan, is likely to result in some positive movement because house ownership continues to be important to buyers, which will eventually lead to sales, particularly in the luxury and premium categories.

"We expect that marginal changes will have minimal impact on buying decisions." M Murali, [CMD, Shriram Properties Ltd](#) said.

Manoj Gaur, the CMD of the Noida-based Gaur's Group, believes the decision will only have a little effect on the real estate industry.

According to Reeza Sebastian Karimpanal, President- Residential, Embassy Group, the RBI's decision may have an effect on homebuyer confidence and hinder real estate sales.

She claimed that the effect would only last a short while because most purchasers still prioritise home ownership.

According to Ramani Sastri, Chairman and MD of Sterling Developers Pvt Ltd, home loan interest rates could rise at this time, causing short-term instability in the housing market as a whole.

Atul Goyal, [CFO](#) of Brigade Group, a Bengaluru-based company, predicts "only minor impact" on the real estate industry and says there won't be much of a rise in interest rates for corporate loans.

"Home loans are generally linked to floating interest rates with longer tenures. In most cases EMIs will remain the same with the duration of loan getting adjusted. The economy remains strong, and we expect buyer sentiment to be positive.

"We are currently witnessing a consistent demand for real estate, and we anticipate the current momentum to continue with increased hiring and salary hikes in the IT and ITES sectors," he added.

The demand is anticipated to be steady despite the rate increase, according to Anup Agarwal, CFO of Gurugram-based AIPL. He said that the Indian economy is in a far better position than many other nations' economies.

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## Costlier home loans may hit housing sales: Realtors

Builders expect minimal impact on pent up and festive demand

New Delhi: Housing sales are likely to be affected as home loans will become costlier after the RBI's latest hike in repo rate, but builders hope that pent up and festive demand will negate any major impact on buying sentiment. Interest rate on home loans is currently at around 8 per cent and is expected to inch towards 9 per cent after the 50 basis points hike in repo rate announced by the RBI on Friday.

This will reduce affordability of buying homes. However, property developers and consultants feel the impact will be "minimal" and not significant as the concept of home ownership has gained momentum during the COVID-19 pandemic.

Moreover, builders are banking on festive demand to sail through. Developers are already offering price discounts and freebies to boost sales during the festival season and may further sweeten the deals to attract fence sitters, they said, and advised prospective homebuyers to take advantage of the offers.

"We expect the rise in repo rate not to impact positive consumer sentiment significantly. Developers are also running multiple festive offers which will aid overall demand," realtors' apex body CREDAI's President Harsh Vardhan Patodia said in a statement.

Naredco Vice Chairman Niranjan Hiranandani said any further hike in interest rate, compounded with commodity inflation, would act as a market dampener. He said the government should make fiscal interventions to check inflation.

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Reacting on the RBI's monetary policy, major real estate players stated that there would be "minimal" and "moderate" impact on housing sales. All of them are banking on strong sales momentum since July last year and current festive demand.

Sanjay Dutt, MD & CEO, Tata Realty & Infrastructure Ltd, said real estate could be dearer by the end of this year owing to a persistent rise in the repo rate. "However, considering the ongoing festive

fervor, we expect the market sentiment to remain robust with consistent demand in the real estate sector," he added.

Venkatesh Gopalkrishnan, CEO, Shapoorji Pallonji Real Estate, said this move might impact the home loan category, which may influence the buying sentiments of affordable to mid-segment homebuyers. "While we may not witness a great upward trend given the current scenario, we have seen good business in recent times, which is likely to continue," he said.

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Noida-based Gaur Group CMD Manoj Gaur too feels the move would have a marginal impact on the real estate sector. The RBI's decision could have an impact on homebuyer sentiment that could lead to a slowdown in sales in the real estate sector, said Reeza Sebastian Karimpanal, President-Residential, Embassy Group. However, she said the impact would be short-term as owning a home still at the forefront of most buyers' minds.

Home loan interest rates may increase now, leading to short-term turbulence in overall housing demand, said Ramani Sastri - Chairman and MD, Sterling Developers Pvt Ltd. Bengaluru-based Brigade Group's CFO Atul Goyal expects "only minimal impact" on the real estate sector and said increase in interest rates for corporate loans will be marginal.

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