

**Why Not To Invest Into Indian Real Estate Now!**



The other day one of our staff called few of her clients to understand their real estate investment needs but after talking to 18-20 clients she became demotivated and negative as most of her clients were loath to invest into real estate during this on going pandemic crises. People have lot of fears and apprehension, which brought them into state of ambivalence. The Covid19 crises will have domino effect on people's life in form of their job loss or salary cut or increment or promotion and many have on going loans are few important factors effecting their decision about investing into real estate.

## **Brief overview of Indian Real Estate Sector:**

Indian real estate is worth of more than USD 100 billion market and posed to become USD 1 trillion by 2030. By 2025/26 this sector will contribute 13-14% of the country's GDP. It s the second largest sector to provide employment in India and many conglomerates like Godrej, L&T, Adani, Piramal, TATA , Mahindra and more have already forayed into this sector. Mumbai, Pune, Bengaluru and NCR have been top investment destinations for the last few years and tier 2 cities like Ahmedabad, Nagpur, Jaipur, Mohali, Lucknow and Kochi are set to become new investment clusters for the small investors. On the contrary, the sector had earned bad name owing to bad practices like delay in the construction, new launches sans any accountability, safe heaven to park black money, copious supply of inventory enfeebled the investors confidence.

The sector got new life in the form of new regulation RERA making developers more liable towards the market along with reforms like demonetization and GST helped the sector to become more organized.

## **Indian Real Estate during Pandemic:**

There have been many news that investors holding their money, they want to wait and watch with the hope that prices will be dropped but its one side of the story and another side has different scenario altogether. Developers are still selling but transactions volume has come little down plus there are group of investors who are still keen to invest infact investing more now for the following reasons:

- 1) INR has become weaker (1 USD =76.28 INR) The projects have become cheaper to afford (For NRIs)
- 2) Developers have started lucrative offers like 10:90 payment plan to entice the investors. Another plan is few developers are ready to accept INR 50000/- only as a booking amount and if customer doesn't like to proceed after the lockdown (site visit) then company will refund the entire INR 50,000/-
- 3) Home loan interest have come down making it easier for customers to invest more
- 4) The new launches will be halted (or few new launches) for few months and companies will focus more on the current projects. It will help in cleaning up all the old stocks which will good for the market eventually
- 5) Developers have broaden the discount window unlike before and investor are loving it as it has provided them an wonderful opportunity to negotiate more
- 6) All other investment products like stocks, mutual fund or gold are going through tough phase and the only best and safest investment option now is real estate as we all want to build more assets and real estate is the only option, which will definitely give assured returns. A typical investor may only find his/her solace in real estate.

The demand for housing in India will remain high as urbanisation is happening in fast pace. The current pandemic crises may pared-down the growth rate but it is just a temporary turbulence which will be gone in near future. Infact during the lockdown big families staying together in one house especially in Mumbai, Bengaluru, Chennai and it must have given a reason to few to buy their own abode. On the commercial front, the demand will remain robust, as the concept of working from home is not feasible for all kind of work and in India the size of family is generally big and its not easy to remain focussed for work through out the day while working from home. Given the size of India's GDP and market size, the sector will remain hotbed for investors.

There has been an assumption that companies will start asking employees to work from home now which will lead to less demand for commercial space as companies will be saving cost as well but we should not forget that we (humans) are social animal and its not easy change our rudimentary nature so soon but one thing for sure that demand of commercial space will be less until the things get settled again as the most of the companies have stopped their expansion plan.

You may be wondering that the article name suggests why not to invest now but there is nothing in article, which tells you that why you should not invest. Well this article reflects the current state of Indian realty and those who still do not want to invest despite of all the golden opportunities then they should definitely not invest as they can never get the same opportunity in near future.

**\*NOTE: We would like to offer our gratitude to the industry experts and investors for sharing their honest views, which helped us in writing this report.**

*Stay Inside Stay Safe...We will defeat this pandemic together*

**THANK YOU**

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