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Hyderabad sees strong swings

The sector, which hit lows on an uncertain climate, is now showing signs of revival.



Is it the right time to invest?

V. Rishi Kumar

The Hyderabad real estate scene went through some dramatic changes during the year which started with a low due to the political turmoil following the tragic death of the Chief Minister, Mr Y. S. Rajasekhara Reddy last year, and the Telangana agitation that saw the demand for the creation of a separate State.

The market seemed to recover after things settled down to be followed by a degree of buoyancy with sales picking up in some segments.

However, with the Justice Srikrishna Commission report on issues relating to the Telangana issue expected by the month end buyers are treading cautiously.

An interaction with some of the real estate players shows that the demand seems to be relatively better in the affordable housing and luxury apartments which continue to witness sales. "But it is the mid market segment, which has a lot of supply, that is still struggling to shrug off slowdown blues.

Buyers in this category seem to adopt a wait and watch policy hoping for some more correction," according to Mr M.P.Agrawall, Managing Director, Konzept Ambience, a luxury homes developer.

Citing his recent visit to Dubai where many Indian real estate companies converged to showcase their projects, Mr Agrawall said the sentiment was good but the response to Hyderabad real estate seems to be relatively muted in comparison to players from other metropolitan cities.

Muted response in Dubai

In fact, while most of the metro cities have managed to recover and also show signs of buoyancy, Hyderabad is still taking time.

“This could be attributed to prolonged stalemate with regard to demand for separate State. Change of Chief Minister and continued political uncertainty with the Srikrishna panel report coming up next month.

This has meant only genuine buyers are purchasing and investors are not yet active in the market . If the market has to pick up, some investors and speculators also need to enter,” Mr Agrawall says.

Different perspective

Providing a different perspective, MrD.R.Patnaik, General Manager of Ramky Estates, said “the prices have already hit the rock bottom. I don't think there is any possibility for further reduction in prices.

In fact, the costs have gone up due to higher prices of sand, cement, steel and bricks, apart from labour costs. If at all, this might mean an upward revision when the situation is right as in other cities.”

The company has two major projects in pipeline, Ramky Pearl and Ramky Towers, and in the last few months the markets have shown positive signs of recovery.

In fact, buyers are now keen on selecting the right project based both on the promoters' track record and the stage at which the project is rather than rushing to book.

“Most prefer projects which have reached significant implementation stage or even nearing completion,” MrPatnaik explained.

Rising input costs

The Chief Executive Officer of Vasathi Housing, Mr P. Ravindra Kumar, said that this is right time to invest. From here on the prices would only go up as input costs, particularly labour has gone up in the last few months.

Genuine buyers would better off buying the right property now rather than wait and expect further slash in prices. In fact, the Telangana issue has already been factored in, he says.

“With some of the projects getting bogged down due to delayed payment and implementation issues, it is also now difficult to find labour.

Some of them leave to places where they get steady employment. This means additional costs to retain them at the project site,” Mr Kumar felt.

The response from the recent Andhra Pradesh Real Estate Developers Association (APREDA) has been good that shows there is appetite in the market. But buyers continue to be cautious, Mr Agrawall explained.