

Realtors look at festive season to boost sales

Abhishek Behl

abhishek.behl@hindustantimes.com

GURUGRAM: With the festival season finally here, real estate developers in Gurugram are hoping that the last quarter of 2020 would be more fruitful than the rest of the year.

The Covid-induced national lockdown hit the sector hard with sales plummeting drastically. From July to September, with the country relaxing restrictions in phases, there was a noticeable rebound and sales improved, reaching 60% of the pre-lockdown scenario, according to reports by private consultants.

But the coming months are a testing time. With Dussehra, on October 25, and Diwali, on November 14, the question that real estate experts are asking is

that will the customer invest in real estate?

Developers across the national capital region (NCR) are, therefore wooing buyers with innovative moves—allowing people to buy their property in exchange for their undelivered ones, attractive discount schemes, and flexible payment options.

Market watchers say this could potentially give the sector the boost it has been seeking. "The pickup in sales in the July-September quarter is driven by affordable and mid-segment housing and by end-users in tiers two and three cities. Around 50,000 home loans under Pradhan Mantri Awas Yojana (PMAY) were distributed by a large private banks in the last six months. The festive season will see a further jump in sales by about

30%," said Vinod Behl, a real estate expert based in the city.

M3M, a city-based developer is offering customers a ready-to-move in property in exchange for theirs that may be undelivered. Called the 'Port your Property' plan, this is available to customers of commercial and residential projects, said the developer. "Customers can upgrade their property by opting for a new property from our portfolio," said Pankaj Bansal, director, M3M Group.

The Signature Group has decided to offer an immediate cashback of ₹51,000 on the occasion of Dhanteras. "The enquiries and sales have increased in the third quarter of the year and we have been able to allot 4,000 properties in the last few months," said Pradeep Aggarwal, chairman and managing

director, Signature Developers.

Another developer, who did not wish to come on record, said that he has decided to forego parking fees and maintenance fees for three years, and has decided not to charge preferential location cost. Other developers are even offering discount of 1% to 2% discount on stamp duty charges, which otherwise ranged from 5 to 7% of the entire deal, said Behl, adding that these discounts and flexible payment plans will play a crucial role in converting those who are waiting to enter the market into buyers.

Gaurav Kumar, who is looking to buy a home, when asked whether the current offers made by developers carry weight, said that the present times were the best for an end user to buy a home as interest rate was low.

The present crisis, the experts say is more serious than demonetisation. However, developers are confident that they will be able to sell this year, albeit slowly. "We are not holding large events due to Covid-19 and instead reaching out to buyers with upfront discounts," said Kamaljeet Singh, VP, Bestech Developers.

Ashish Sarin, CEO, AlphaCorp said that factors like low interest rate, attractive payment plans, government-aided recovery programmes will help the industry do better.



Scan the QR Code for the full version of the story

<https://www.hindustantimes.com/gurugram/realtors-offer-cash-discounts-porting-of-stuck-properties-to-attract-customers-during-festival-season/story-UFAQ0SfiLrcqfBEMz8IPqJ.html>

Realtors offer cash discounts, porting of stuck properties to attract customers during festival season

GURUGRAM Updated: Oct 17, 2020, 23:16 IST



Abhishek Behl

With the festival season fast approaching, real estate developers in Gurugram are hoping that the last quarter of 2020 would be more fruitful than the rest of the year.

The Covid-19-induced national lockdown, which began in March, hit the sector hard with almost no sales. From July to September, with the country relaxing restrictions in phases, there was a noticeable rebound and sales improved, reaching 60% of the pre-lockdown scenario, according to reports by private consultants.

But the coming months are a testing time. With Dussehra, on October 25, and Diwali, on November 14, the question that real estate experts are asking is that will the customer spend? Or will they rather save keeping in mind the coronavirus disease pandemic is not yet showing any signs of abatement?

Developers across the national capital region (NCR) have pre-empted this with innovative moves — allowing people to buy their property in exchange for their undelivered ones (a scheme called “porting”), attractive discount schemes, and flexible payment plans.

Earlier, developers would offer free tickets to exotic destinations abroad such as Europe, free parking space, modular kitchens and finished bathrooms, wooden flooring and similar freebies that would attract customers. However, in the current scenario, buyers are preferring healthy cash discounts and flexible payment plans.

Market watchers say this could potentially give the sector the boost it has been seeking. “The pickup in sales in the July-September quarter is driven by affordable and mid-segment housing and by end-users in tiers two and three cities. Around 50,000 home loans under Pradhan Mantri Awas Yojana (PMAY) were distributed by a large private bank in the last six month. The festive season will see a further jump in sales by about 30%,” said Vinod Behl, a real estate expert based in the city.

Under the PMAY, buyers get an interest subsidy of 3% for loans up to P45 lakh while for EWS housing it is around 6%, say officials. Earlier, whereas consumers looked for future value appreciation, they are now looking for more short-term tangible options.

Porting

M3M, a city-based developer has offered customers a ready-to-move in property in exchange for theirs that may be undelivered due to construction delays or other reasons. Called the 'Port your Property' plan, this is available to customers of commercial and residential projects, said the developer. These "disputed" properties can be anywhere in the country.

"Customers can upgrade their property by opting for a new property from our portfolio. Whatever the amount is paid to the earlier developer would be adjusted in the new project. This will lower the cost of acquisition and a chance for buyers to get out of a stuck property," said Pankaj Bansal, director, M3M Group, which, however, is not offering any other kind of discount.

Cashback, discounts and fee cuts

The Signature Group, which develops affordable housing, has decided to offer an immediate cashback of ₹51,000 on the occasion of Dhanteras for all properties that are booked during festival season.

"The enquiries and sales have increased in the third quarter of the year and we have been able to allot 4,000 properties in the last few months. Cash discounts, easy payment plans would be made available to serious buyers during festival season," said Pradeep Aggarwal, chairman and managing director, Signature Developers.

Another developer, who did not wish to come on record, said that he has decided to forego parking fees and maintenance fees for three years, and has decided not to charge preferential location cost. These costs earlier formed almost 5% to 7% of the property price tag.

"If the customer wants more, we will even offer to reduce the club charges so that sale happens. Everyone is doing this but won't accept in public," he said.

Other developers are even offering discount of 1% to 2% discount on stamp duty charges, which otherwise ranged from 5 to 7% of the entire deal, says Behl. "With no GST to pay on ready-to-move-in houses, the discount on stamp duty makes the deal even more sweet for prospective buyers," he adds.

According to Pawan Sharma, a broker in Sector 85, said that such offers were attracting buyers. "The festival season is likely to get better with these offers that were not available earlier," he said.

Advantages of these options

The discounts and flexible payment plans will play a crucial role in converting those who are waiting to enter the market into buyers, said Behl.

"Developers have large inventories of 'ready-to-move-in' properties and they want to monetise the same to ensure positive cash flows. It will help them to launch new projects and ensure its completion," said Behl.

Gaurav Kumar, who is looking to buy a home, when asked whether the current offers made by developers carry weight, said that the present times were the best for an end user to buy a home as interest rate was low, the developers were offering discounts and were desperate to make sales. "There can't be better times to buy a home in this city," he said.

Challenge graver than demonetisation

The present crisis, the experts say is more serious than demonetisation, which too had a profound negative effect on the sector. But the loss of jobs and salary cuts, were not a factor then. "That was manageable but the problems caused by Covid-19 seems to be unending," said a developer, who did not want to be named.

Developers are confident that they will be able to sell this year, albeit slowly.

"We are not holding large events due to Covid-19 and instead reaching out to buyers with upfront discounts. In a number of cases we are letting them take possession of property even as they arrange payments flexibly in six to nine months. Also, part-payment now and paying the rest of the amount in four to five years is also gaining traction," said Kamaljeet Singh, vice president, Bestech Developers.

"Both premium and affordable properties will be made available at attractive terms so that interested buyers can take the right decision. We will also launch new properties in affordable and premium categories during festival season," said Prashant Solomon, managing director, Chintels.

Ashish Sarin, CEO, AlphaCorp said that combination of demand and supply side enablers such as low interest rate, attractive payment plans, government-aided recovery programmes will help the industry do better.

The Central government had created a ₹20,000 crore fund in June for real estate projects that was expected help complete around 350,000 flats and houses stuck in various stages of construction.

Solomon, also the spokesperson for CREDAI Haryana, said these measures had a positive impact on stressed projects.