

Business Standard

Slowdown in realty sector could impact Dwarka Expressway: analysts

Wednesday, August 7, 2013 | 12:44 PM IST
Mansi Taneja | New Delhi August 7, 2013 Last Updated at 12:18 IST

Infrastructure hurdles are preventing it from becoming an end user market, they say Dwarka Expressway, once tipped to be among the most promising realty market, faces the risk of a price crash if infrastructure development doesn't pick up, point out experts.

Infrastructure hurdles are preventing it from becoming an end user market, they say.

Once built, Dwarka Expressway or Northern Peripheral Road, will be an alternative for connecting Delhi to Gurgaon. It is also expected to be a much wider road compared to the Delhi-Gurgaon Expressway – NH-8. This market has seen a price appreciation of about 206% in the last five years to Rs 7,121 per sq ft at the end of March 2013, from Rs 2,329 per sq ft at the end of March 2009, according to data by research firm PropEquity.

The area has been attracting a higher premium because of speculative buying, but hardly any project is getting executed yet. According to builders and analysts, about 4 km stretch in the 18-km long Dwarka Expressway or Northern Peripheral Road is under litigation for the last few years after residents went to court and obtained a stay order.

Many established developers including Tata Housing, Raheja Group, Godrej Properties, Ramprastha, BPTP, M3M have lined up projects here. People tracking the sector say if the slowdown in the realty market continues for another year or so, investors' interest will decline in Dwarka Expressway. Some developers have expressed concern over the delay, while others sound bullish on the success of the market.

Navin Raheja, chairman and managing director, Raheja Builders, and president of real estate association Naredco, said, "It is unfortunate that expressway has not been fully completed yet. If it had been done the scenario would have been completely different. However, it will be functional soon. A parallel 75 metre master plan road is almost ready." Raheja group has three projects here.

Pointing out that the projects surrounding the expressway are among the best destinations for real estate investment given the proximity to the international airport, diplomatic enclave as well as Dwarka, he said, "the area is poised for stupendous growth with the best names in the realty industry already having launched ultra-luxury projects in the area."

It is the right time for people to invest since prices are stable at the moment, according to Raheja.

Samir Jasuja, CEO and Founder, PropEquity, says, "Dwarka Expressway has primarily been an investor-led market. While the location carries good long term potential, given the overall market condition and infrastructure issues, there are short-term challenges."

He also admitted that prices have climbed significantly upward, but infrastructure is yet to pick up.

Developers such as Tata Housing, which has a project Getaway Capital, and Ramprastha Group, which has a 500 acre township along the stretch, are still upbeat about the area.

Brotin Banerjee, MD and CEO, Tata Housing, said, "Dwarka Expressway offers scope for proper planned development and has great potential for aspiring real estate developers. The development of this stretch will not only reduce travel time between Delhi and Haryana, it will also open up avenues for planned commercial and urban development in the region."

Industry experts expect a 25–30% annual growth over the next few years.

Banerjee said Dwarka Expressway was currently recognized for its affordable rates, prime reason for professionals in Gurgaon buying homes in this market. Not for investment, but for end-use.

Nikhil Jain, CEO, Ramprastha said, "There are no signs of any bubble. Challenges are there, but we have not seen any withdrawals from the Dwarka Expressway market."