

This year may continue to be challenging for realtors and developers of all scales and sizes Builders need to look at “forward” costing methods, that is the cost of land, construction and making a reasonable profit

Players in the real estate sector are hoping for a quick turnaround. But a lot of groundwork needs to be done on the part of everyone concerned. Here are some sound bytes from industry veterans on the way forward, the issues that need to be tackled and the plans that need to be put in place... **Navin M Raheja, MD, Raheja Developers: ‘Housing for all’ should be targeted at low and moderate-income households under the public-private people’s partnership (PPPP) mechanism. Along with it the developer community should look at technologies and construction processes which must include employing unskilled labour, reducing time, waste and cost. Developers should work on a model which is not only for the wealthy few in the developing world, but appeals to the poor and the emerging middle-income consumer. Single window and online clearance of projects, incentives on developing smaller housing units, population density norms, slum rehabilitation, standard environmental clearances, mandatory water recycling, energy conservation and tax benefits to developers are some steps, if taken, which would change the dynamics of the sector towards sustainable growth.**

Arup Roy Choudhury, CMD, National Buildings Constructions Corporation (NBCC) Ltd: Both builders and developers should aim to set up housing projects that ensure that people of all incomes have a habitat to live. The thrust should be on one house per family and procedures should be put in place so that speculators and hoarders are not able to capture this reasonably priced housing segment.

Basically, it is the ‘will’ that is required — the ‘way’ can always be found. The current situation can be corrected by the people associated with this industry taking a balanced view as well as the government coming out with some sort of regulation in the laws both in terms of the Urban Land Housing Act and Taxation so that land required for housing will be handled separately.

Builders and developers also need to look at “forward” costing methods i.e. the cost of land, construction and reasonable profits and they should not fall prey to speculators, traders and brokers who create market inflation. Builders/ developers have to start thinking of developing the market with a reasonable rate of return — 15-20 per cent IRR, instead of what most of them charge today — 100 per cent or more returns, thus creating an imbalance in the sector and confusing genuine buyers.

Pradeep Jain, Chairman, Parsvnath Developers Ltd: The slowdown is a temporary phenomena as India is a developing country and has a lot of unexplored prospects. The fact remains that any industry or business faces some temporary turbulence. The future of the real estate sector in India is extremely healthy. Since, the sector has already felt the heat of soaring inflation, rising input costs along with other related materials used in the construction industry, we look forward to see these input costs controlled. We are thankful to the government who intervened in order to curb soaring inflation though its monetary measures. There has been an increase in prices which has compelled buyers to sacrifice a big home for a smaller one. At our end we are also trying to minimise costs by delivering projects before their stipulated time. In order to turn the scenario around and to make the sector more affordable for customers, effective steps should be taken by the government like according industry status to the sector.

Suryavir Singh, Head, Infrastructure and Housing, Sahara Prime City Limited: The spiralling effect of the current slowdown in the economy has affected the real estate industry as well. However, strategic shifts towards end user driven markets — Tier II, Tier III cities, affordable housing, reassessment of pricing strategies and a volume based business approach would go a long way in the overall betterment of the sector. The aspirations and expectations of the population have to be matched in housing and infrastructure needs.

India requires huge investments in urban development as it embarks to improve civic amenities and the quality of life. As urban India’s population reaches 400 million, there is a need to review and balance housing requirements for different segments instead of reaching a situation where there is an oversupply in a particular segment and deficiency in another. Optimum measures for eco sensitive developments considering the cost benefit analysis have to be incorporated in the planning. The formulation of regulatory mechanisms is an urgent necessity. Institutionalisation in the financial structuring of real estate investment is long overdue.

Ashish Puravankara, Director, Puravankara Projects: Tough governmental policies have to be simplified, sanctions have to be fast forwarded and developers should be provided with improved infrastructural support. I do not say it is a slowdown, instead I would say it is a temporary drift, because people have adopted a wait and watch policy to plan their purchases appropriately. There are millions of first time house buyers with a desire to own their dream homes.

Prakash Gurbaxani, CEO, QVC Realty: Leading developers have really been focusing on premium properties in the last few years due to the high demand in this segment. There is still a sustained demand for such properties. However, developers are now realising that there is a large market for affordable homes in India. Many developers have shifted focus to this segment in recent times and the next few years should see a large supply of good quality affordable housing for the common man. However, land prices are still soaring and this combined with the rise in the cost of construction is putting pressure on developer margins.

Lack of quality infrastructure is another issue that developers have to constantly deal with.