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CREDAI Expects 'Limited Direct Impact' From 25bps Rate Cut, Demands Further Reduction



Realtors' apex body CREDAI on Friday said the RBI's decision to cut benchmark lending rate by 25 basis points might have "limited direct impact" on the sector and sought further reduction in the next monetary policy meet for "stronger impetus" to housing demand.

Another association Naredco welcomed the RBI's decision, saying it could lead to lowering of interest rates on home loans, which in turn will boost housing sales.

The RBI on Friday slashed the repo rate by 25 basis points to 6.25 per cent. This was the first reduction since May 2020 and the first revision after two-and-a-half years.

CREDAI National President Boman Irani said, 'The RBI's decision to reduce repo rate supplements recent announcements in the Budget aimed at boosting spending and spur economic growth.' 'While the current cut may have a limited direct impact, we anticipate that a further rate cut in the next MPC (monetary policy committee) meeting will provide stronger impetus to overall demand, accelerating housing sales, particularly in the mid-income and affordable segments,' Irani observed.

Naredco National President G Hari Babu said the rate cut will have a positive impact on the real estate sector, making home loans more affordable and increasing demand for housing.

'With lower interest rates, we expect to see increased sales, improved liquidity, and a reduction in the inventory of unsold homes. This, in turn, will encourage developers to launch new projects,' he added.

Prashant Sharma, President of Naredco-Maharashtra, said, 'We expect banks to ensure swift transmission of the reduced rates to borrowers, allowing a direct impact on home loan interest rates.' Among developers, Tata Realty and Infrastructure MD and CEO Sanjay Dutt said, 'The RBI's decision to cut the repo rate is a welcome move that stands to make home loans more affordable, thus easing the financial burden on aspiring homeowners.' While the realty sector has been witnessing a robust demand and positive sentiment for premium and

luxury housing, the rate cut will immensely benefit the affordable housing segment, especially in Tier 2 and 3 cities, he added.

Venkatesh Gopalakrishnan, Director Group Promoter's Office and MD of Shapoorji Pallonji Real Estate, said, 'This thoughtful step highlights the central bank's commitment to bolstering economic growth while fostering a favourable environment for investors and homebuyers.' For the realty sector, he said this development is a significant boost, particularly for affordable and mid-segment housing.

According to data analytics firm PropEquity, housing sales across nine major cities dropped 9 per cent to nearly 4.71 lakh units in 2024 on lower demand as well as fall in fresh supply. Demand for premium, luxury and ultra luxury homes stayed strong.

Bengaluru-based developers hailed the RBI decision and hoped for more rate cuts going forward.

Shriram Properties CMD Murali Malayappan said this move is expected to enhance economic growth, improve liquidity, and benefit borrowers.

Puravankara MD Ashish Puravankara said the decision will also have a large impact on housing demand in the country. 'With control of inflation, we expect more cuts in the upcoming meetings, further boosting demand, especially in mid-segment housing.' Madhusudhan G, CMD of Sumadhura Group, said the RBI's decision will enhance investor confidence, improve housing affordability, and drive real estate sector growth.

Sterling Developers CMD Ramani Sastri said this will boost investor confidence, encourage housing demand, and support the overall development of the sector.

Among Delhi-NCR builders, Gaur's Group CMD Manoj Gaur said the decision will definitely infuse positive sentiments in the real estate sector and the overall economy.

Signature Global Chairman Pradeep Aggarwal said this move will positively impact real estate sector as well as allied industries such as cement, steel, and construction materials, creating a multiplier effect on employment and overall economic activity.

Akash Khurana, President and CEO of Krisumi Corporation, said the move will stimulate housing demand by making home loans more affordable.

Smartworld Developers CEO Vivek Singhal said it would bring much-needed relief for homebuyers especially in premium markets like Delhi-NCR, while BPTP's CFO Manik Malik said this reduction in the repo rate translates into lower house loan EMIs, making home ownership more accessible.

Hawelia Group Chairman Rattan Hawelia said the rate cut will facilitate growth of the real estate sector.

Uddhav Poddar, CMD of Delhi-based Bhumika Group, said the move will uplift the market sentiments and hoped for more such rate cuts in the future.

Mumbai-based Supreme Universal Joint MD Sunny Bijlani said the RBI's decision will not only ease the financial burden on existing homeowners but also encourage new buyers to enter the market, strengthening overall demand.

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CREDAI sees 'limited direct impact' on realty sector from 25bps rate cut, wants more



New Delhi, Feb 7 (PTI) Realtors' apex body CREDAI on Friday said the RBI's decision to cut benchmark lending rate by 25 basis points might have "limited direct impact" on the sector and sought further reduction in the next monetary policy meet for "stronger impetus" to housing demand.

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