

Publication	The Financial Express
Date	01 November 2024

Diwali fireworks missing for realty players this year

RAGHAVENDRA KAMATH
Mumbai, October 31

RESIDENTIAL SALES BOOKINGS have seen a 10-15% drop in the run-up to Diwali due to higher prices and lack of new launches in cities such as Mumbai, Hyderabad and others.

At the beginning of the festive period, developers were expecting around 20-40% jump in festive sales. Now, sales growth in the festive season is expected to be between 8% and 10% in the top cities.

“Current trends suggest that there is anywhere around 10-15% decline in sales compared to last year’s same festive period,” said Santosh Kumar, vice-chairman at Anarock Property Consultants.

Kumar said the decline is largely because property prices have escalated significantly over the past one year across the top 7 cities, and “it is becoming unaffordable for many to buy a property today”.

Residential prices have gone up 20-30% in the top cities in the last one year.

Housing sales in the top seven cities in the third quarter of CY2024 dropped 11% on a yearly basis to 107,000, owing to factors such as high prices and monsoon, Anarock said recently in a report.

Property developers such as Dhaval Ajmera, director at Ajmera Realty & Infra, said sustenance sales (sales from existing projects) are happening but not many new launches have happened due to the elections in Maharashtra and National Green Tribunal (NGT) orders, which have



delayed approvals.

Bookings in Q2 were hit due to delay in clearances and subsequent decline in launches, said Amit Bagri, chief executive, Kotak Mahindra Investments, which provides loans to developers. Bagri expects a growth of 8-10% in sales bookings in the festive season. “We expect approvals to come in Q3 and Q4. After two years of high growth, 8-10% growth is not bad,” Bagri said. However, he added that big listed developers are meeting their guidance.

Continued on Page 5

Diwali fireworks missing for realty players this year

SAMEER JASUJA, FOUNDER and CEO of PropEquity, said the numbers will not beat last year's Diwali because 2023 had witnessed historic high sales and launches. "The first three quarters of 2024 have demonstrated lower absorption and launches across major Indian cities," he said.

A managing director of a national real estate company agreed with Bagri. "People have forgotten sales have run fast in the last four years. How long they will run?" he asked, adding that the sales growth is decent in most of the cities.

"It is neither bad, nor good, so the growth is in between. I hope it will improve in December due to speedier approvals," said the chief executive of a Mumbai-based real estate firm.

However, developers in south India are upbeat about pre-Diwali residential sales.

Viswa Prathap Desu, chief operating officer-residential, at Brigade Enterprises, said: "The sentiment this festive season is quite positive, and we see an increase in the number of enquiries. This is an auspicious



time for making new investments in real estate and we expect good sales this quarter."

Vivek Venkateswar, chief sales and marketing officer, Shriram Properties, said they are aiming for a 20% boost in residential sales, primarily driven by mid-market and mid-market premium segments. The company has launched four new projects across Bengaluru, Chennai, and Kolkata.

Bigger the better

Top developers are seeing good demand for larger apartments. For

instance, the average ticket size of Brigade is ₹1.25 crore and they are seeing high interest in the ₹1.25-2.5-crore apartments category, Desu said. "The luxury segment of ₹2 crore and above is equally attracting interest as the market acceptance on the higher ticket size has been good," he added.

Jasuja of PropEquity said luxury and premium properties seem to be more in demand. "Luxury homes, those priced upwards of ₹2 crore, are finding strong traction. In terms of configuration, homes upwards of 2,000 sq ft (except Mumbai) is in demand," he added.

Some developers such as Shriram Properties are offering freebies to attract buyers. To commemorate its 25th anniversary, Shriram gifted homebuyers 2.5 kg of silver, and an additional 25 g of gold during Dussehra. Currently, its festive offer includes an iPhone 16 with every booking across select projects in Bengaluru, Kolkata, and Chennai, excluding certain new launches. The promotion lasts one week in Bengaluru and Kolkata during Diwali, while in Chennai it is on for a full month.