

# Affordable housing is a key segment

*The next few years should see a large supply of good quality, reasonably priced housing for the common man*

BY RAI UMRAOPATI RAY

● What are your expansion plans and how are you planning to fund them?

QVC Realty is about to launch its first project — QVC Hills — an exclusive gated community of 100 luxury residences in North Bangalore. This will be followed by the launch of two integrated townships in Gurgaon of sizes 153 acres and 106 acres, and a second home golf community project in Chikmagalur (Karnataka). All these projects will be launched in the current financial year. We are also actively looking at new projects in Chennai, Hyderabad and Bangalore. QVC Realty received US\$100 million from IL&FS' Investment Managers Limited in January 2007. We will have a second round of funding of another US\$ 100 million later this year.

● What are the locations you are targeting for your residential and commercial ventures?

QVC Realty intends to be a pan-India player and is focused on developing large, integrated mixed-use projects in major Tier I and Tier II cities. Currently, we have projects in Bangalore, Gurgaon, Pune and Chikmagalur.

● What is the current state of the real estate sector? Is it witnessing a slowdown? Where is it heading in the near future?

Real Estate has been one of the fastest growing sec-



Prakash Gurbaxani, CEO, QVC Realty

tors in India, and the last four to five years have seen very high growth rates. But things have changed over the past six months in terms of a slowdown in demand. High home loan interest rates, the situation of the financial market and rising construction costs are all contributors to the overall scenario.

The price of a home depends on land price and construction price. Since construction costs have been steadily rising and the demand for homes has slowed down, land prices have to come down for developers to bring down home prices.

However, having said that, there is still a strong demand for certain types of products across asset classes. For example — there is a sustained demand for non-IT office space in major cities; premium gated communities with single family homes are another product which is in demand.

● What are the issues concerning the sector and

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For developers to bring down housing costs, the prices of land and construction have to come down along with the home loan interest rates

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what needs to be done for its overall betterment?

Land prices are still soaring. This combined with a continuous rise in the cost of construction materials is putting pressure on developer margins. Inflation and the increase in the home loan interest rates have harmed demand. Lack of quality infrastructure is another issue that developers have to constantly deal with.

● With prices skyrocketing in the major cities, do you think that the current situation can be corrected? If yes, how?

Leading developers have been focusing largely on premium properties in the last few years due to the high demand. However, developers have realised that there is a large market for affordable homes in India and have shifted focus to this segment.