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Is it time to buy your dream home?

With real estate prices now beginning to get real and developers wooing buyers with sops and freebies, experts assess whether it is the right time to buy your home

Shabana Hussain and Madhurima Nandy

This is one question for which there are no easy answers. With prices high, interest rates steep and the sector slowing overall, buyers are not easy to come by. But the question that inevitably follows is if prices are likely to fall or if it is time for the much talked about correction in the real estate sector.



Experts say that with real estate prices now beginning to get real, this is the right time to buy your dream home.

In the past six months, prices have plunged 5-10% across India and developers predict a further slide of 10% before the housing market bottoms out. Says Raminder Grover, CEO of Mumbai-based Homebay Residential Pvt. Ltd, a subsidiary of Jones Lang LaSalle Meghraj: "This is a good time to buy your home because you can negotiate with developers. You can bargain for many freebies such as special tiles, flooring or better sanitaryware."

Priyang Toshniwal, assistant vice-president (retail) with a property consultancy firm in Mumbai, bought a two-bedroom apartment in the metro's Prabhadevi area two months ago for Rs1.72 crore. Says the 29-year-old: "I waited through 2007 for a price correction. But after prices became reasonable post July this year, I didn't want to pay rent anymore. Moreover, I was paying for an asset which I was going to consume." As a consultant, though, Toshniwal advises buyers to hold on for some more time. He says: "A lot of supply is coming in and many are going to resort to distress sales to offload their stock."

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It is good news if you are about to get into the housing market, but if prices are expected to slide further in a few months, should one wait? "If you are buying ready-to-move-in residential property and have to take loans and leverage bank money, then it makes more sense to wait," says Sanjay Sharma, MD of GurgaonScoop.com, a real estate portal. "The cost will not be

compensated by the rent or the appreciation of the property in the next six-nine months at least.”

While prices are expected to drop further, one can never catch the bottom of the housing market, says Anshuman Magazine, MD of property consultancy firm, CB Richard Ellis. “You can never time the market. How do you know what will happen to prices?” he asks.

With demand down by 30-40%, actual conversions from enquiry to sales too have been down, says S.G. Maheshwari, former chairman of Estate Agents Association of India. Realty players have been trying hard to create conversions by offering discounts and freebies such as free parking space, club membership, free interiors, modular kitchens and shower cubicles, to name a few. Many are also offering “EMI holidays” to buyers till possession of the flat. A number of developers also want to cash in on the upcoming festive season.

Yet, top developers aren’t really giving away price discounts because they had bought land at steep prices and have to repay financial institutions and private equity companies from whom they have borrowed, say analysts. “Developers are offering sops. If you include those things then it is a decline in prices,” says Magazine.

Some developers have still not come to terms with the market reality and are holding on to the existing prices, says Sanjay Verma, executive managing director, South Asia, Cushman and Wakefield Inc. “They cannot hold on for long,” says Verma. “Eventually, prices will have to come down. In the next two quarters, we could see some decline in prices.”

Prakash Gurbaxani, chairman of Bangalore-based QVC Realty, India’s first venture capital-funded real estate firm, says though the time is right to buy a property, buyers must follow a checklist. “Your decision making should be based on the location. First choose the property, and then go for the price,” he says.

Buyers should not make a call on purchasing a house based on interest rates, warns Renu Sud Karnad, joint managing director of HDFC Ltd. “There is no need to wait for interest rates to fall since 90% of the people borrow at a floating rate of interest,” she says.

However, if you are planning to invest in real estate, experts say these are not good times. “This isn’t the time for investors unless one invests in a ready apartment which can be given out on rent,” says Maheshwari. “With delays crippling every other project, investors should stay away from projects that are far from delivery.”

Magazine adds that investors should not expect any exponential increase in realty prices similar to the ones the sector experienced in the last two-three years.

Also see [SHOPPING FOR A HOME](#)

Also see [INCENTIVES](#)

CONNCECT

Beware

Have you ever received an SMS from an unidentified source inviting you to sign up for a dating service on the sender's website? Chances are that you will be tempted to visit the website mentioned in the SMS, and might even follow the instructions in it to download a programme. Don't. You might be asking for serious trouble if you do. The programme, in all probability, will be malicious software that could corrupt the files you've stored on your computer, or worse, could reside in your computer and steal confidential personal financial data such as your credit card number, IPIN and other details each time you transact online. This kind of fraud is called smishing and is akin to phishing. The difference is that in the former, the cellphone is used to commit the fraud; in the latter, it is the computer.

—*Namit Gupta*

Invest



Tips on how to choose the right broker for online trading:

- Select one which has the maximum number of collaborating banks. Opt for the same depository and trading body for faster settlement of shares and cash.
- Carefully study the account opening, maintenance and any hidden charges.

- The broker's infrastructure should be able to handle large trade volumes and

also provide offline trading in case online services are not available.

- Ensure that you get transaction statements and check the mode of delivery.

—*Puneet Wadhwa*

Do

Do you have a grievance against your insurance company? Ajay Bimbhet, MD of Royal Sundaram Alliance Insurance Company, offers some guidelines to seek free redress:

- Your complaint must be in writing, and addressed to the ombudsman of the jurisdiction under which the office of the insurer falls. Details are available at www.irdaindia.org/ombudsmenlist_nov07.htm
- Send two copies of your letter, along with all the documents and details in support of your case, such as the original letter to the company, claim forms, letter of repudiation from the insurer.
- The ombudsman will pass an award within three months. It will be binding upon the insurer, but if you aren't satisfied, you can approach the consumer forums. The order is not binding on you, unless you accept it in writing.

—*Staff Writer*

Know



A joint home loan (see above right) is a great tool for tax planning and also specifies each partner's share. But what if one partner dies? If the deceased has left a will, the property will be distributed accordingly. If there is no will, the surviving spouse does not

automatically assume ownership of the house, regardless of whether he or she has been named nominee in the property. The spouse can only hold the property in trust and on behalf of the legal heirs of the deceased, says Devesh Dadheech, a Mumbai-based chartered accountant.

—*Namit Gupta*

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