

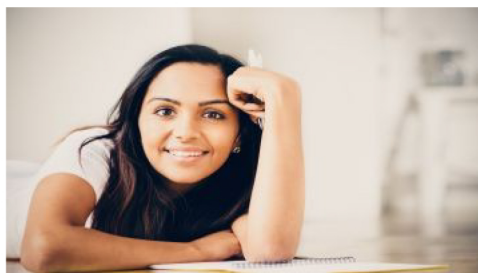


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## Good time to invest in your dream home

*The borrowing rates are expected to taper off given the huge influx of money in the banks leaving them flush with funds.*



### Surendra Hiranandani

In the wake of demonetization, the country has been thrust into a state of uncertainty about the impending outcomes of the move. However, a long term analysis of demonetization indicates a favorable change for the real estate sector as a whole. All policy initiatives taken by the government have been aimed at increasing transparency and credibility of the sector. This will infuse confidence in home buyers and make it attractive to global institutional

investors. Home buyers must use this short term adversity and convert it into an opportunity by investing in properties that are available at attractive prices.

The borrowing rates are expected to taper off given the huge influx of money in the banks leaving them flush with funds. However, the demand for credit remains sluggish and reducing the rates will provide the much needed boost to stimulate growth in the economy. An interest rate reduction in the coming months is inevitable.

The massive inflow of liquidity into the banks can set off a cycle, wherein lower rates of interest will direct borrowers to avail more loans at attractive interest rates. This may probe the central bank to reduce repo rates further that will infuse more confidence into the system. As a result, parking ones savings in bonds or fixed deposits will become unviable and people will prefer to direct their investments to buy property in the future. The official economy will see a positive growth in the following months, elevating the purchasing power of the consumer, encouraging the consumers to invest more.

At the current real estate prices, the margins of developers are very slim. There is no chance of price negotiations in new projects without developers incurring losses. However, from a consumers perspective, this is a good time to secure great deals, especially on ready to move-in projects. They can purchase homes of their choice by doing full cheque payment. Those looking to buy resale properties can now avail higher finance through banks as the entire payment will happen through cheque. They should make the best out of this opportunity as the industry has just begun adjusting to the new rules. Also, with new launches getting impacted due to the difficulty in obtaining approvals, the demand for available inventory and ready to move in homes will increase. The rise in demand will ensure that prices remain firm and start the ascent once again. So, it will only benefit those buyers who act swiftly and purchase the property in the interim period.

Once the market stabilizes after a few months we anticipate a sharp recovery in both the primary and secondary residential market. So, it is important consumers grab this opportunity and take steps towards creating the biggest asset of their life.

*The author is Chairman & Managing Director of House of Hiranandani*