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What Covid-19 means to real estate and everything else in India

Industry persons express their views of the Covid-19 effect on real estate and other aspects of life





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The Corona virus has unleashed unprecedented terror across the world. While the world is still grappling with the situation, the lockdown in India is only adding to the woes of the industry. Of course, there is no choice. But, meanwhile, some of our Indian industry heads interpret in their own way the near future.

Niranjan Hiranandani, president (national) NAREDCO; president, ASSOCHAM: In the Indian scenario, we look upon festivals as auspicious times to make a new beginning. For real estate, Gudi Padwa is traditionally, the day when all new beginnings — be it booking a new home or moving into a new home — are considered to be done on an auspicious note. This year, things are a bit different, with the Corona Virus pandemic impacting all sectors of the economy.

The 'challenging scenario' is something real estate has been dealing with since the economic and policy reforms were introduced; the impact of what I call the 'tsunamis' — demonetisation through RERA and GST, among others — was major. Buyer confidence reduced, sentiments were impacted and sales dropped to low figures. Add to this the credit squeeze and last mile funding challenge, not to forget the NBFC crisis, ILFS and DHFL. Result: troubles compounded.

Dhruv Agarwala, group CEO, Housing.com, Makaan.com and PropTiger.com: While necessary, the virtual lock-down in major cities across India, due to the recent corona virus outbreak, will certainly have an adverse impact on economic activity across sectors including real estate. We too have begun to see a dip in traffic on all our platforms. In order to mitigate the impact, we have come out with various innovative schemes for builders and brokers to

encourage them to continue to advertise on Housing.com so that they can build their customer pipelines even when the market is slow. We have also launched video calls, virtual walkthroughs and other innovative visualisation products to enable consumers to make property purchase decisions in the comfort of their living rooms, while they are unable to venture out of their homes.

Manoj Gaur, MD, Gaur's Group & chairman, affordable housing committee, CREDAI (national): The sales are impacted, but it is temporary phenomena. We will know the exact impact only when things calm down. In any case second half of March and April are generally not great from sales perspective. Also, at the moment it is more important that people remain safe & healthy and that remains our prime concern as of now.

Nayan Raheja, executive director, Raheja Developers: The pandemic has adversely impacted all the sectors of the economy including real estate. Sales and construction are badly impacted and at standstill as per govt orders. This situation may remain same till lockdown is in effect but will have lasting effect on economy as project deliveries shall be delayed. However, since real estate is the only long term and stable investment asset compared to the other

volatile options, we anticipate a steady investment growth once things get back to normal.

Amit Modi, president elect, CREDAI Western UP and director ABA Corp: As a near short term impact, the sales velocity has definitely been slow and the real impact on the buying behaviour is visible due to COVID-19 lockdowns in addition we also foresee a delay of around seven to eight months in project completion on account of supply disruptions due to the coronavirus outbreak and the National Green Tribunal ban on construction last year across the region.

Mohit Goel, CEO, Omaxe: Both real estate sales and recoveries have been halted as a result of the lockdown arising out of the coronavirus pandemic. Standing in solidarity and support, we have relaxed the payments to be made by our customers and also waived the interest on those payments during the lockdown period. As for real estate prices, there will be no change as transactions are not taking place. The prices will resume at the level it has halted.

Deepak Kapoor, director, Gulshan Homz: People are deferring property buying decisions and accordingly, sales in March is likely to dip for sure. But as the fall in the sector is nowhere compared to other asset classes like equity, gold etc, we hope real estate will

again emerge as the preferred destination for both investors and end-users.

Vikas Jain, CEO of Labdhi Lifestyle and managing committee member, CREDAI MCHI Raigad: The coronavirus has affected the real estate sector very prominently. During auspicious festivals like Gudipadwa, and Baisakhi we usually see an uptick in the market, which is missing. The housing sales will be impacted adversely due to COVID-19. Last year, the festive season was affected due to extreme monsoon and now the sector is facing the challenge of coronavirus. Also, prices of steel and other construction material has a direct bearing on real estate industry as India is a big importer of steel and iron products, technical construction equipment as well as plastic and fiber elements from China. With production in China going down, the prices of these materials are bound to increase, resulting in increasing the costs and reducing the profit margins of real estate developers in India. Moreover, the 'work-from-home' policy does not apply to the real estate and construction industry, many projects will be delayed if the situation in India worsens.

Shailesh Puranik, MD, Puranik Builders: The government is successful in battling two wars simultaneously, while it is taking all possible steps to break Covid-19 contamination chain, on the other hand, it has

ensured taxpayers and companies do not face hardships due to the challenges that have emerged. We welcome relaxation and deadline extensions. We hope, the government announces similar measures to relax repayment towards mortgages, home loan EMIs apart from coming up with Income Tax and GST holiday for the affected financial years.

Ram Naik, executive director, The Guardians Real Estate Advisory: Real Estate as a category thrives on customer footfalls at the project site for successful closure of transactions. With the outbreak, sites have been shut to prevent gatherings of customers and channel partners. The affordable and mid-income housing segment, will also be hugely impacted as it's success depends on large gatherings and higher footfalls. Some of the much awaited, project launches have been postponed for now. The scenario is equally grim for the ongoing projects, as real estate expects to do well in the last month of the financial year, March, as a result of buying to avoid capital gain tax and asset purchases on the auspicious day of Gudi Padwa. The lockdown could result in a Y-o-Y set back of anywhere between 11-14%.

Subodh Runwal, director, Runwal Group: We appreciate the Government's measures in curbing this deadly pandemic. As a responsible corporate, Runwal Group too have taken utmost care and precautions

and are also adhering to Government's initiatives. All our employees have shown 100% solidarity with self-governance and are working from home. We have taken an important step to sanitize all our construction sites for the safety of our workers and have stopped all the work till further notice. We have postponed our Gudi Padwa launch and all our campaigns too. All our site offices will also remain closed. We will have to together support our Government in this time of distress.

Kaushal Agarwal, chairman, The Guardians Real Estate Advisory: Real estate, as a community, has always done its bit to contribute to the society in more ways than one. A lot of developers had very willingly & independently, much before the government restricted public gatherings, postponed their project launches and cancelled channel partner meets in the interest of the society. Majority of the Sales Offices have been shut down to avoid contact between the customers and sales personnel. A sizeable part of the construction staff has also been asked to stay home. We at, The Guardians Real Estate Advisory, put the well being of our employees before our business interests, and had therefore asked all our employees to work from home starting 17th of March 2020. Moreover, we are also, regularly briefing them on preventive measures to be taken while they are at home.

Bhasker Jain, head — sales, marketing & CRM at The Wadhwa Group: The Corona outbreak may have halted the on-ground project operations; it has impacted sales too in short term to a certain extent. We have a business continuity plan and necessary project finance in place. Our design philosophy backed by strong execution capability has helped us to meet customers' obligations and generate further interest digitally. On the occasion of Gudi Padwa we have opened the option of online buying where families staying back home can interact with our team through our virtual platform and chalk out their plans of finalising a property of their choice from our bouquet of offerings; they can also avail cashback on booking properties online. Our virtual site tours are appreciated by the customers and we feel that reputed developers like us will have an edge in retaining and adding into sales pipelines. Although the sales numbers may not see an instant spurt this festive season but we are expecting around 30% sales through our digital virtual platform on the occasion of Gudi Padwa.

Rahul Grover, CEO, Sai Estate Consultants Chembur: With the number of enquiries dramatically slowing down, the real estate industry is facing the turbulent effects of COVID- 19; the pandemic has not only created a health emergency but a financial emergency too. The global economic slowdown is

pushing an already battered segment and negatively impacting the residential real estate demand, resulting in a massive reduction in site visits and enquiries ultimately leading to delayed decision making and deal signings. As new home brings an added liability and the burden of long term EMIs, home buyers belonging to the working class, will be reluctant to make any new purchases due to the uncertainty toward their jobs, resulting in an even lower consumption of the affordable segment. The pandemic has hit at a very sensitive period, that of the financial year closing, which remains extremely crucial for most businesses. This year's festive occasion of Gudi Padwa will also see a major drop in home buying, and delay in launches due to a complete halt in construction activities. We believe a credit liquidity boost in the sector post COVID – 19, will help the struggling industry to pick up pace. However we are confident that these are temporary disruptions and the condition would definitely improve, and will not hold back the economy and the industry for a long time.

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