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Experts see realty correcting soon

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If you are looking for a decent two BHK flat in the national capital, you have very dim chances of getting one for less than Rs 1 crore.

This is what your property broker would most likely tell you.

"I was looking for two bedroom set in Delhi and Noida for the past six months. But even with a budget of Rs 60 lakh I could not buy a flat for myself. All I was offered was the remote areas in Greater Noida, without proper infrastructure or connectivity," Nitin Agarwal, a senior executive with an auto company said.

In the last six months, home prices in all major metros have gone up very sharply putting it out of reach of the common man.

" There is certainly a price bubble in the market. Home prices have gone up exceptionally and have touched unrealistic levels," Sam Chopra, India head of Remax, a global property consultancy, told Mail Today. " A flat selling in Mumbai at Rs 11.07 lakh per square feet is by no means realistic. The price needs a severe correction and I expect this bubble to burst in another six to eight months," Chopra added.

According to Sanjay Dutt, chief executive officer (business), Jones Lang LaSalle India, a leading global property consultancy, " When we talk of the possibility of a bubble, we are actually only talking of property in Mumbai and Delhi right now." " All developers who had ventured to buy land overseas or across India are now buying only in the primary cities.

Investments are now chasing these Tier 1 markets. And if this continues there is certainly the probability of a bubble in residential property by the end of the year," added Dutt writing in his blog.

According to property brokers in the national capital region (NCR), home prices in the capital have gone out of hand, dominated by a host of speculators and investors. The brokers say that it is the black money in the market that is driving the realty prices.

" In the realty sector, a bubble hardly survives for a long period. The price automatically comes down after sales slow down," a senior executive of a leading property consultancy, who did not wish to be identified, said.

" However, property is the most preferred option to park black money. We have done about a dozen deals in the past one month where extra cash has been paid apart from the official cheque," the executive accepted.

In a negative fallout of the increase in home prices, the volume of home sales came down dramatically in the months after June. Even the festival season of Diwali failed to boost home sales among developers as there was hardly any price discounts.

" Sales were not so encouraging during the festive season.

Despite the huge queries we received, ahead of Diwali, the number of actual transaction was very low," he said.

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