

Luxe in flux

With developers of multi-crore apartments registering a slowdown in sales, the low-volume, high-margin luxury home segment may just have outpriced itself. Archana Rao tracks the trend

PHOTO COURTESY: VIJAY GROUP

By invitation only — these three words may well be symbolic of exclusivity, and an inspiring trigger to woo the aspiring buyer. But when the tide turns in the real estate market, the same developer is more than happy to keep aside the factors of discernment and lay out the red carpet for any homebuyer who can shell out the big bucks for a luxury home in their ambitious project. All's fine on the surface, with the glossy brochures and the larger-than-life billboards pushing luxury living to new heights, but if the thaw is sales over the past couple of months is any indication, the premium segment of the realty market — offering homes at ₹ 5 crore and upwards — may just head for a rough patch.

Slow sales

According to market observers, about 40% of the luxury apartments coming up in prime locations in the heart of the island city are unsold. And it's a sign of the times that even while the high-rises are in varying stages of completion, developers of these premium apartments are willing to make a few concessions in their bid to offload the high-value housing stock. With an area between 2,500 and 10,000 square feet, these luxury homes — some of them priced at ₹ 50 crore — are now



Despite builders including pools and gardens in luxury flats, there aren't too many takers.

being pushed aggressively by the developers who are feeling the heat of the slowing sales.

The slowing sales are seen as a direct result of the steep hike in prices in the past six months. For instance, in January, the number of apartments registered in Mumbai fell 50% compared to the sales in the same month last year. While this data includes non-luxury apartments as well, a good percentage of the sales in South Mumbai relate to luxury apartments in the new buildings. "With the changing business climate, the once 'in-demand' luxury

apartments — centrally air-conditioned, equipped with splash pools, terrace gardens, Jacuzzis, and state-of-the-art building automation systems — are failing to attract as many buyers as they did a few months ago," says Vineet Singh, business head, 99acres.com, adding that the need of the hour is again affordable housing, even as developers need to focus on the target audience of end-users and not investors.

Reasoning why

According to Singh, the dip in demand in the luxury housing segment can be attributed to

excess supply and speculative demand. "Also, due to the current volatility in stock markets, the ongoing strife in the Arab world, coupled with continued slowdown in US and Europe, is driving High Networth Individuals (HNIs) to adopt a wait and watch approach. This is not the time to be bullish and the first area to be affected is the upper end of the housing market," says Singh. Analysts say that if sales continue to remain slow, developers may have to cut prices or offer perks to lure buyers.

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CONSIDER THE MAINTENANCE COSTS

Committing to a luxury apartment not only involves the huge upfront payment and years of repaying a big housing loan, but also factoring the high outgoings on account of monthly maintenance charges. Before you get tangled in the maze of calculating the living space, per square foot rate, payment schedules and Equated Monthly Installment on your housing loan, first figure out the maintenance charges payable on the flat. With developers of luxury residential projects charging as much as ₹10 per square foot, even if you are buying a 1,500 square foot flat, you could well up end up paying a good ₹15,000 towards the monthly maintenance fee. Considering that this amount will remain constant — and probably keep increasing —

till the day you keep the flat, it is worth doing a hard think on whether you can really afford the steep charges or you should opt for a flat in another project with lesser outgoings. "Though the monthly outgoings bill doesn't appear daunting at the time of purchasing the flat — particularly when the buyer considers the luxurious amenities like swimming pool, health club and good security arrangements in the complex — the same amount starts pinching later when one has to shell out a fat monthly EMI for the housing loan too," advises Ghatkopar-based realty consultant Nitin Shah. Given that some developers charge the maintenance fee on a quarterly or annual basis, the dues add up to a sizeable amount.

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The worst affected are developers who have a large inventory of properties and are feeling the finance crunch, with banks becoming increasingly cautious about lending to real estate developers. Moreover, with the interest rates rising over the past few months, it has become even more costly to borrow money – both for the developer as well as the homebuyer.

“One of Mumbai’s leading developers, who is currently building some of the most ambitious projects in the city, is in talks with private investors to offload apartments in bulk at a 30% discount to ease the liquidity crunch and fund his ongoing projects,” says a Worli-based consultant, who requested anonymity.

Hope floats

But never mind the pres-

ures in private, in the public domain, the developers are not only putting up a brave front, but also optimistic about the growth of the luxury home segment in the months and years to come. Says Umang Kuwadia, executive director, Happy Home Group, “We have strategically looked at focusing on luxury residential redevelopment as an integral component of company’s growth strategy for the next decade.” Happy Home’s Jade Gardens project at Bandra boasts of the finest luxury and lifestyle amenities, in spite of being a redevelopment project. “Our project will have an optimum combination of high-end luxury and lifestyle living and is expected to set benchmarks in the luxury redevelopment category,” says Kuwadia, adding that there are enough takers for good luxury homes.

There are others who simi-



larly feel that the demand for high-end luxury apartments is here to stay. “In fact, the luxury market in Mumbai which was earlier restricted to just a few locations, is now being extended with several luxury-segment launches by developers in different parts of the city,” says Kamal Khetan, chairman and MD, Sunteck Realty, adding that the luxury segment has witnessed a significant rise in demand due to growing income levels across corporate sectors.

Today’s buyers of big homes have a mindset different from the typical conservative homebuyers of the 80s and 90s, who were more than happy even with a 2BHK flat. “Buyers of big homes today are much younger and richer, riding the benefits of the economic boom and keen to enjoy their wealth,” says Khetan, adding that the demand for luxury homes, which is largely driven by the NRI and the affluent local population, is likely to continue.

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HDIL’s Cybercity in Kerala



PHOTO COURTESY:HDIL

Housing Development and Infrastructure Limited (HDIL) has announced its project, Cybercity at Kalamassery, Kerala. The Government of Kerala has granted a single window clearance to the project which acquired a complete SEZ status from the Government of India. The promoters of the project, Blue Star Realtors Private Limited, 100% owned subsidiary of HDIL will invest approximately ₹2,300 crores in the project. The project will have a built up space of about 10 million square feet in the 70 acres land at Kalamassery Special

Economic Zone.

The entire design of HDIL Cyber City project is based with the green building concept. Buildings and structures will occupy only 20% and the rest 80% will comprise of green spaces. No drainage will go out the project area and all the sewage will be treated internally. The 7million sq.ft of the total built up area is dedicated to IT infrastructure. The project will be completed in three phases and will include amenities like a hospital, a school, a shopping complex, a multiplex and office spaces.

Supreme Universal's new projects in Baner

Supreme Universal is introducing a new project to its group of residential properties, Supreme Estado in Baner, Pune. It comprises 2BHK and 3BHK apartments providing amenities including a club house, gymnasium, swimming pool, banquet hall, a jogging track, amphitheatre, children’s play area etc.

All exclusive apartments of Supreme Estado are enabled with a modular kitchen. There are entertainment facilities too.

For those seeking peace and a healthy lifestyle the gymnasium and the basketball court are there. For rejuvenation, Supreme Estado’s furnished meditation room is available for residents.

Another property by Supreme Universal, Supreme Pallacio, is ready for possession. It comprises 3 and 4 BHK apartments with private landscaped terraces. All apartments of Supreme Pallacio are fully air-conditioned and come with a fully loaded kitchen. The apartments have a jacuzzi built into the master bath and a walk-in closet.



Happy Home’s project in Bandra

Happy Home has announced the possession of phase 1 of its residential project, Jade Gardens, near MIG Club, Bandra - East. The project has 3 towers that will offer 3 and 4 BHK apartments. Jade Gardens will offer luxury homes with world-class facilities to existing 80 society members and prospective homebuyers from the corporate world. The architects are Talati and Panthaky and will offer amenities such as Community Hall, Health Spa and Gym, Kiddies’ pool with a play area amongst many others. This is located just five minutes away from Bandra railway station, the National Stock Exchange and the Bandra-Worli Sealink.