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Housing for all: 2017, The year of affordable housing



Delhi/NCR

Going by the interest shown by PM Narendra Modi in helping the lower-income segment secure a home of their own, we can expect to see more affordable housing projects launched in the Indian realty space than in any other segment

With the Modi government's constant push for affordable homes, coupled with the infrastructure status for affordable housing in the Union Budget, 'affordable' is now a buzzword in India's real estate sector.

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Major developers across the nation—from Tata Housing to Mahindra Lifespaces, and from Puravankara Projects to Shapoorji Pallonji Group—are now into affordable housing in a big way. PM Modi even rang in the New Year with two housing schemes for the urban poor and the lower middle class. Keeping this in view, experts say that 2017 can pretty well go down as the year of affordable housing. "2017 can surely be a year of affordable housing.

This is where the biggest share of demand lies in the Indian real estate sector and every developer is aware of the huge business potential this gives them. Further, with Modi's 'Housing for all by 2022' vision, budget housing has lost its 'down market' tag and become prestigious for players to participate, "Anuj Puri, chairman & country head of JLL India, said.

The government's push to the rural housing scheme will encourage developers to move into rural areas and, thereby, spread development there. Opening up new areas of growth will help push demand into these areas and encourage infrastructure deployment there to increase the viability of these markets.

It will also help reduce the pressure on expensive urban areas. "We can expect to see more affordable housing projects launched than in any other segment of the Indian realty space. Borrowing costs for homebuyers have come down significantly and their affordability factor has also improved simultaneously. The decision to purchase a residential property is taken after a lot of planning. Many people have been putting off their decision in anticipation of lower interest rates. Thankfully, interest rates at present are at their lowest levels in many years. This may expedite their decision, "Pankaj Bansal, director of M3M Group, said.

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The demonetization of high-value notes is also likely to benefit the affordable housing segment. "Unlike the luxury housing segment, the presence of black money is negligible in the affordable housing segment as a majority of people buy homes by going for home loans. Also, the recent fall in interest rates will further boost the growth prospects of affordable housing," Ssumit Berry, managing director of BDI Group, said.

"We believe that 2017 will be a year of affordable housing. Apart from other sops, housing loans of Rs 9 and Rs 12 lakh--with interest subvention of 4% and 3%, respectively--under the Pradhan Mantri Awas Yojana (PMAY) scheme will raise demand for low-cost homes and provide the much-needed push to the sector," Ravish Kapoor, director of Elan Group, said.