

A HOME BUYER'S CONNECT INITIATIVE



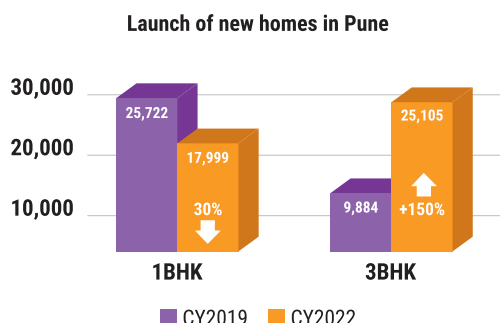
Pune's Real Estate Market Registers HIGHEST EVER Launches & Sales in 2022!

Nearly 85,000 units worth over ₹ 50,000 Crore were sold in Pune in 2022, have the good times begun?

Pune Times Mirror discusses about Pune's booming real estate market with Mr. Rahul Ajmera, a young real estate developer, a civil engineer and an alumnus of IIT Bombay.

01 During the first wave of the Covid19 pandemic in 2020, there was a lot of doomsday talk and negative sentiment around real estate. Some people predicted that work from home will destroy the real estate industry. However in 2022, real estate launches and sales have soared to an all-time high. How did this happen?

The real estate industry is a structural part of the economy and cannot collapse so easily. The confinement during the pandemic lockdown made people realize that a 1 or 2BHK was not spacious enough for a family of 4 people. People who went back to their hometowns, eventually returned back after realizing that Tier III and IV towns lack the health and social infrastructure that is available at Pune. Real Estate Developers accordingly reduced the supply of 1BHK and increased the supply of 2.5 / 3BHK.



Source: Area Foresight January 2023 Report

New home buyers are flocking to 3BHKs instead of 2BHKs & even existing home owners are planning to upgrade to larger homes.

“Falling interest rates, rising salaries & stagnant real estate prices made Pune's real estate inventory very affordable for home buyers pre Covid19. The pandemic and inflation triggered the buying frenzy leading to a rise in prices.”

02 Some real estate data analysts have reported high levels of unsold inventory in Pune, why aren't prices reducing in that case?

The number of unsold inventory in a city is one of the most misleading statistics as it generally contains numbers from stuck and poorly designed projects. A home buyer should not be swayed by these numbers as real estate is a micro-level industry. Pune is a vibrant market with immense employment opportunities and plenty of developable land, which is why the home prices here are still affordable unlike Mumbai.

“If there is so much unsold inventory around, why is it so hard to find ready possession homes in good projects? Real estate prices are a function of supply & demand, not at a macro level but at a micro level. Two projects in the same vicinity can have vastly different prices & unsold inventory depending on their surroundings, layout and internal specifications.”

03 There is lot of talk among popular social media influencers about the financial merits of renting over buying a flat, how will that affect the future outlook?

Rental yields in India have always been low, but that has not impacted the real estate industry.

“The advice of staying at a rented flat and investing the differential EMI amount in a mutual fund SIP appears to be a very attractive proposition but how practical is it to be staying in a rented flat for 10-15 years. Eventually most people desire stability in life, they get married, have kids and purchase a home to settle down.”

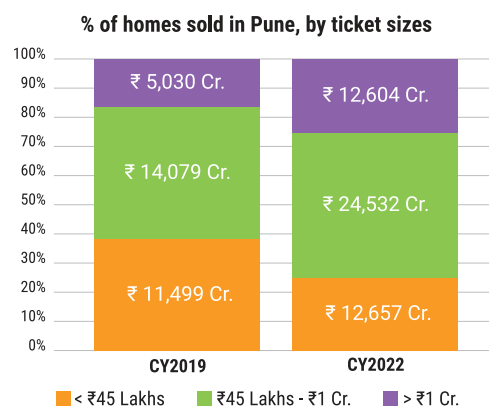
04 What are the main aspects that home buyers should consider before purchasing their apartment?

One of the most important life milestones is BUYING A HOME. It can be difficult to choose the ideal home with so much information available and so many people around to influence us. Ironically, many people do extensive research before purchasing a car or mobile than they do before purchasing a home.

“As most homebuyers typically take 15 to 20 years to repay their home loans, shouldn't they devote at least 15 to 20 days to conduct proper due diligence before their home purchase? To help people make better decisions, we have created a Home Buyer's Guide in a fun to read format.”

Due to the new trend of non-refundable EoI/Token based Pre-launches, many buyers are unaware of important details & hastily end up booking a property that may not be suitable to their actual needs. Home buyer's focus is diverted towards project's grand amenities, offers/discounts & promises of future development.

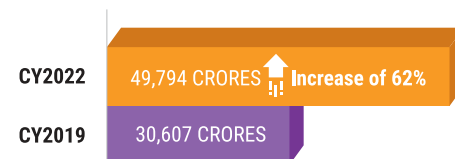
“Home buyers should also dig into important details like the exact project location, governing municipal body, available civic amenities, developer's past record and feedback from past customers”



Source: CRE-Matrix Pune Housing Report February 2023

Total sale value of homes priced above ₹1Crore. grew 2.5 times in CY2022 over CY2019.

Total sale value of homes in Pune (Excluding Resale)



Source: CRE-Matrix Pune Housing Report February 2023

05 What is your prediction for Pune Real Estate in the coming decade?

I'm very optimistic about the city's future. Pune will continue to grow rapidly due to its close proximity to Mumbai, good weather & industrialization. Massive commercial projects are being developed around Wakad, Mundhwa and Kharadi, which is going to spur tremendous residential development there. With the increase in FSI, we will see new development that spreads vertically rather than horizontally, like the ones being constructed in Balewadi, Mahalunge & Kharadi Annexe. All this concentrated development will put the existing civic infrastructure under tremendous pressure and our municipal bodies will require additional financial support from the Centre and State government for better management.

“Pune contributes about ₹ 1 lakh crore in direct & indirect taxes to the country annually. Even if 20% of this collection is given back as additional grants to local bodies, Pune can become the most livable city in India.”

All major cities in the world have problems, like traffic or pollution or affordability. Even Pune has problems of civic infrastructure and water supply, but it is still one of the best places in India to live.

“Pune is probably the world's largest city, without an independent Civil Airport, Ring-Road or a fully functional Metro. Despite that, it has developed exceedingly well.”

In the coming years, we can realistically expect several working Metro Lines, a new International Airport nearby (Navi Mumbai or Purandar). If the Ring Roads and Town Planning Schemes also fructify, then it will be icing on the cake for the city's well-being.



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