

Hyderabad on the rebound

The AP Government should pro-actively attract investments from new IT companies.

V. Rishi Kumar

The real-estate market in and around the twin cities of Hyderabad and Secunderabad, including locations dotting the Outer Ring Road, has been looking up in the past few months. Some developers have increased prices by couple of hundred rupees a sq. ft. and few others are taking up new projects.

There is a positive mood after a prolonged subdued phase, following slowdown in the real-estate sector and lack of speculative buying. Only genuine buyers in need of housing are in the market and sales volumes have been picking up in the last two-three months.

However, the events during the week, specifically with regard to the demand for statehood for Telangana, have temporarily upset the sentiment. The builders' community, however, believes that stakeholders have already considered the 'T-factor'. Either way, be a separate state or status quo, it is unlikely to matter for the sector in the long run.

An interaction with a cross-section of real-estate players reveals distinct patterns in the housing segment. While many builders are looking at the affordable segment, there is a growing preference for small villas and independent units over apartments in busy places by some buyers.

DEMAND FOR SMALL VILLAS

Reflecting the positive market sentiment, Phoenix group last month announced plans to invest up to Rs 2,000 crore in a series of mixed-use projects — housing and commercial, including a Rs 350-crore project called Golf Edge, including five-star hotel property.

Mr Suresh Chukkapalli, Chairman of Phoenix Group, said supply is tight in the catchment area in and around the IT hub. During the slowdown, several realtors, who had put plans on hold, are coming back. However, there is likely to be time-lag between project implementation in some cases.

Mr P.V. Ravindra Kumar, Chief Ex-



Telangana is unlikely to matter for the real-estate market in the long run.

ecutive Officer of Vasathi Housing, said, "The number of enquiries leading to eventual conversion is still taking some time. But this is better now than what it was few months ago. Significantly, while Hyderabad reflects different pattern, cities such as Visakhapatnam and Vijayawada are looking up with more developers proposing projects."

Mr Prem Kumar, President of Andhra Pradesh Real Estate Developers Association, said, "Most of the developers who had put on hold some ventures due to slowdown are now looking at pushing the throttle. This is based on renewed confidence in the market in the last few months. The market has shown signs of a rebound. We are also initiating two new projects."

"Our Malaysian partner (Sunways Opus), too, is extremely upbeat on the business prospects. The enquiries are going up but only from those who are genuinely interested in buying a prop-

erty for personal use. It is not for speculation," he said.

Mr Anand Reddy, Managing Director of PEBL, said, "We have completed two towers and have begun to deliver apartments. Following increasing interest from potential buyers and growing enquiries, we have also begun work on two more towers. As in the past, L&T will work with us."

Mr Reddy said the State Government should also proactively attract investments from new IT companies. IT projects help as companies not only set up their own properties, adding to business and commercial space, but their employees also scout for properties.

If the buoyancy returns to the IT sector and new projects come up, the real-estate segment will also gain.

"The recent efforts of CREDAI to engage all stakeholders — Government, vendors and consumers — and the growing dialogue in terms of policy-making and other regulatory issues

T-CLOUDS

While the going during 2011 thus far has been good for realtors, the first week of July has again brought the Telangana issue to the fore.

Developers are not deterred by the consequences of the agitation, as they believe the State's and cities fundamentals are strong.

They prefer not to get engaged in a dialogue on the T-issue as this is something which they have been grappling with over the last four to five years, each time such a development disrupting their business. This is also responsible for relatively subdued pricing compared to other major cities in the country.

Speaking on condition of anonymity, one of the developers said if the recent development of submission of resignation of nearly 100 MLAs across political parties did not have much impact, with the Centre suggesting that this requires a larger debate, it is clear that the T-state issue is on the backburner at least for some time.

However, it does not matter whether separate State is formed or not. Those who are in need of a house will buy the property any way, developers say.