

Slowdown forcing developers to look for 'affordable' housing

With a slowdown looming over India's realty industry, developers are shifting their focus to 'affordable' housing.

'Luxury housing, with world class amenities, is restricted to high end users who constitute only five percent of the population. It is high time developers looked for the large middle class population which requires affordable housing,' added Rohtash Goel, chairman of Omaxe, a real estate giant.

Experts from the market point out that developers are being forced to look for affordable options - costing below Rs.2.5 million - because of lack of buyers for luxury housing - Rs.5 million and above.

According to Cushman and Wakefield, a real estate firm, prices in [New Delhi](#) and other parts of northern India, have fallen by at least 20 percent over the past year.

And experts predict that the slowdown is going to prevail until there is a price correction.

'Developers are talking about low-cost housing because there is demand there,' said Anshuman Magazine, managing director of CB Richard Ellis in India. 'But there's a need to reduce land costs and build infrastructure first.'

'Property prices badly need a correction. It was a booming market, so developers didn't think before quoting a price. Developers have been overpaying for land, making the wrong product and not doing their research', said a source from property developing giant DLF.

'Even land prices that have multiplied over the last three years are expected to drop anywhere between 15 percent and 50 percent in the coming year,' he added.

And that is the reason why even big developers like Mahindra Lifespace, DLF, Raheja and Unitech, that were primarily engaged in luxury class apartments and townships, are talking of affordable options.

DLF is changing its housing designs in Delhi's suburb Gurgaon to squeeze in more two-bedroom units, along with four-bedroom homes.

'Developers had piled on to the top end of the housing market where profit margins are the highest. But it is time to think of affordable options and more realistic prices,' Goel added.

Anuradha Shukla (© IANS / India eNews)