



## Cheaper loans to boost realty demand in smaller cities

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Finally, with home loans getting cheaper, demand for residential properties in Tier II and III cities is expected to pick up by 25% by the first half of 2009, from the 5% current rate. According to Rohit Rana, head—marketing and communications, Sankalpan Group, the external periphery of Mangalore, Chandigarh, Dehradun, Nagpur, Kolhapur and Jaipur will start witnessing immediate emergence of demand due to the recent cheaper home loans announcement. Delhi-based Parsvanath Developers has already started constructing affordable homes in some of these locations which can suffice the Rs 20 lakh limit of home loan borrowers.

According to Anand Gupta, chairman, Builders Association of India (BAI), "There would be some acceleration in sales to the tune of 10% to 12% on tier I city outskirts where affordable housing is coming up through the "Budget Home Schemes". Besides, demand for properties will emerge at Pen, Karjat and Lonavala as rates are between Rs 3 lakh to Rs 7-8 lakhs similar to that of Virar in far suburbs." Top builders such as Hiranandani, Raheja, Ajmera and Akru-ti, however, opine that the impact will be very minimal in the costlier metros. Dhaval Ajmera, managing director, Ajmera Builders told *FE*, "Despite the recent cheaper home loan announcements, we are currently not planning to reduce property prices in metros as we feel that the Rs 20 lakh home loan limit by PSBs is meant for the tier III cities and outskirts of tier II cities. We are developing affordable homes in Bangalore, but the budget does not fit into the Rs 20 lakh home loan limit." Evershine, Keystone, Rustomjee and Nirmal Lifestyle in Mumbai have already branched out into township projects that feature budget homes.