

# Real estate resale market hits a wall

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Manjeet Singh, a mid-level property dealer in South Delhi, has been thinking of changing his line of work.

From making ₹30,000 to ₹1 lakh in a week, Singh has not been able to even close one deal in the past one week. Activity in the sale & purchase as well as the rental segments has suddenly come to a standstill.

"People do not have money. Most landlords take rents in cash to save taxes, while a major chunk of the resale market works on cash. This problem will continue for the next few months at least," Singh said. A week after demonetisation, secondary property markets in the Mumbai Metropolitan Region (MMR) and the National Capital Region (NCR) — the country's top two real estate markets — have come to a standstill. Sales in the primary market have halved, brokers and developers told *Business Standard*. Prices have



remained stagnant as no deals were happening, they said. "Nobody is buying. They are in a standby mode," said Ankush, a property agent in Vashi who deals with properties in Navi Mumbai, one of the biggest property markets in MMR. "Prices have not started moving yet."

Sandeep Runwal, director of Mumbai-based builder Runwal group, said: "People are studying their positions and exchanging currency. Sales have come to standstill. We are in wait-and-watch mode."

Experts said prices of builder floors and flats in Delhi's Chittaranjan Park, Punjabi Bagh, Greater Kailash have all gone down by almost 25 per cent. "In Delhi, 70 per cent of the customers deal in cash and the rest in other ways. We have seen a major dip in that 70 per cent, as people have stopped doing any sort of transaction," said Ramesh Khanna, president of Rajouri Garden main market association. Online sale, rentals as well as enquires have also taken a major beating. But, players in this space said prices of rentals and

property prices have not gone down on their portals. "We have definitely seen a dip in traffic. Sales have been hit hard as well. However, it is too early to say that the property prices and rentals have gone down," said Hitesh Oberoi, managing director and CEO of Info Edge. In Thane, another big resale market in MMR, brokers said the situation was same as in Navi Mumbai.

"There are no buyers and sellers are ready to negotiate further as they want to clear stocks," said Tariq Siddiqui, a prominent broker in Thane. Siddiqui said sellers were willing to reduce prices by up to 20 per cent now. Ashok Patel, another senior broker in Thane area, said: "There is some impact on sales. Everybody is on a wait-and-watch mode."

However, Patel said he expected end-users to come back in a month. "They are waiting to see if prices will come down. Investors have already been out of the market for two years. End-users ultimately want to buy to stay in these houses."