

SHEETAL S PATIL

The decision by Reserve Bank of India (RBI) to once again increase the repo rate has been described by some as 'along expected lines' while some termed the increase by 25 basis points to 6.50 per cent as 'marginal.' Real estate sector stakeholders have tried to take the announcement in their stride and justified the step as a 'necessity' to rein in inflation. Here's their take on the likely implications for transactions.

SANDEEP RUNWAL, President, NAREDCO Maharashtra

"The RBI's decision will keep inflation in check and on target. This hike has been on expected lines, and is only taking forward the government's budget initiatives, of sustainable growth and financial stability. It will not affect home buyer sentiments much, as there is a strong demand for housing. The recent positive budget announcements, which aim at putting more money into the hands of the home

buyer, will fuel demand. This coupled with the additional outlay provided in the PMAY will give a definite thrust to the mission of providing housing for all. Overall, the RBI policy announcement has tried to rein in inflation, but at the same time balance the growth process of the economy. The Indian economy is resilient to global headwinds and has fared remarkably well."

DINESH DOSHI, President, NAREDCO Progressive Neral Karjat Unit

"The obvious impact on home buyer sentiment is expected - mostly in affordable and budget segments - although overall, housing sales are not likely to be majorly impacted. With retail inflation finally within its tolerance band of 2% to 6% in the last two months of 2022, hopefully, we are at the end of the 'hike rates' cycle, and should not have any further home loan EMI hikes. Home buying sentiment should be positively impacted in days to come, with festivals like Gudi Padwa adding to the positive vibes."

SAMYAK JAIN, Director, Siddha Group

"The RBI has come far from synchronised rate hikes in its policy, as inflation outlook is beaming. Attempting to taper inflation, the hike in the repo rate, much to expectations, will force the banks to increase lending rates impacting the quantum of home loans off-

The decision to again raise it by 25 basis points to 6.50 per cent has evoked mixed reactions

take and pushing EMIs upwards. The EMI-driven housing market will thus have a cumulative effect and gradually impact the sales velocity in the real estate market in the times to come. A lesser repo rate hike would have helped tackle inflation, yet managing growth. Mumbai's realty market, which

has already sustained increased interest rates earlier, will further get impacted for the homebuyers in the pricing category of Rs 1 crore and above."

ANKUSH KAUL, Chief Business Officer, Ambience Group

"It's undeniable that the rise in

repo rate will affect housing affordability. Repeated rate hikes may temporarily delay the purchase decision, but does not reduce overall housing demand. At a time when the real estate sector is showing signs of recovery and a strong bounce back driven by end-users, the marginal increase

in cost of purchase would eventually average out and be overtaken by consistent rise in capital values. We believe that luxury housing has a higher demand than other segments of the market, and the hike will have little impact on this segment."

Dr. Malini Saba, Founder & Former Chairman, Saba Group and Founder, Anannke Foundation

The RBI's Monetary Policy Committee (MPC) has recommended a 25-bps increase in benchmark lending rates, the sixth straight hike that brings the total increase to 250 bps in FY23. Each time the RBI raises rates, everyone hopes it will be the last, but the question is whether controlling inflation or facilitating real-estate transactions is more important. Opinions may differ. Some believe a rate hike will not influence property purchases due to significant market demand, whereas others feel it will affect home purchase decisions and transaction volumes. Real estate indirectly affects numerous industries and the Indian economy. Let's wait and see the impact."

