

PUNE BRAVES POLL EFFECT

Unlike many other cities, Pune didn't witness much impact of the electoral activity in 2014

Ravi Sinha

Elections are normally the time when real estate goes on silent mode, as nature of the business is closely linked with policy decisions of the powers-to-be. Across the country, polls affect property markets and the year of elections is usually the slowest in terms of the movement of the property market at every level-transactions, funding, project clearances and delivery timelines. In Maharashtra, the election effect has often been visible in the matured property market of Mumbai. What then makes the Pune real estate market behave so different? After all, Pune, as a city, is pretty close to the Mumbai.

The larger question that many analysts are trying to find an answer to is whether the Pune property market is really undeterred by the developments in the power corridors. The opinion is divided but by and large everyone within the built environment of Pune real estate would agree that the city property market has more or less been unaffected by the developments at the political level. Hence, despite 2014 being

an election year in the state, the fortunes of the city property market did not fluctuate as much as it happens in other cities where elections were held.

Developers here do not find anything unusual about it. They maintain that Pune is an evolved and more matured corporate city to get swayed by emotions or political developments. Fundamentals of the market in the city are so sound that real estate of Pune often behaves different from other property markets in India.

Sachin Agarwal, CMD, Maple Shelters asserts that historically, Pune's real estate market has never been affected by political influences at the state-level. Pune is a steady market and buyer decisions are not dictated by political sentiment, but are rather based on perceived value. Though politically aware and enthusiastically wired into the electoral process, Pune's property buyers tend to view the

elections as a separate event, which has little or no correlation to their investment decisions.

"Pune's developer lobby is strong and has its own independent way of operating. That said the overall momentum of the market always depends to an extent on factors such as pending clearances being granted. There was definitely more momentum to be seen on the residential side after the state elections - especially in terms of affordable housing, since this has now become a political platform," says Agarwal.

Abhay Kumar, CMD of Grihpravesh Buildteck, however, maintains that state elections had created a situation of temporary paralysis of policies leading to stalling many projects. Many realty policies were in pipeline in the previous government and it could not see any light of the day till elections. The precarious situation impacted so much that buyers as well as de-

velopers put all their investment decisions on hold.

"Political uncertainty post elections too played a spoilsport in realty. On one hand, new government was throwing all good signals for realty but its tie up looked shaky further dampened the market," says Abhay.

Overall, the year 2014 has been fruitful for the real estate sector especially the second half in terms of business sentiment, avers Vishwaajeet Jhavar, chief executive officer, Marvel Realtors and Developers Ltd. "Though the real effect of many of the policies and amendments announced in 2014 will take effect only in 2015; be it the relaxation of rigidities in the Land Acquisition, Real Estate Regulatory Bill, REIT funding by SEBI as a leeway for developers to tackle with the fund crunch and extension of tax incentive for housing loans. All these are expected to provide consistent doses of energy to the India real estate sector," he adds.

QUICK BYTE

■ PUNE BEING A STEADY MARKET, BUYER DECISIONS ARE NOT DICTATED BY POLITICAL SENTIMENT BUT ARE RATHER BASED ON PERCEIVED VALUE. THOUGH POLITICALLY AWARE AND WIRED INTO THE ELECTORAL PROCESS, PROPERTY BUYERS TEND TO VIEW ELECTIONS AS A SEPARATE EVENT

■ MARKET REALITIES SEEM TO SUPPORT THE ANALYSTS WHO BELIEVE THE PUNE MARKET HAS BEEN UNDETERRED BY ELECTIONS. END-USERS RULED THE PROPERTY MARKET THROUGHOUT THE YEAR AND THE DEMAND FOR MID-SIZE FLATS KEPT INCREASING

■ THE RENTAL MARKET OF PUNE HAS ALSO BEEN ROBUST DURING THE ELECTION YEAR AND HUGE INVENTORIES KEPT THE PRICES EVENLY BALANCED WITH SOME ATTRACTIVE DEALS BEING AVAILABLE IN THE MARKET.

