



REAL ESTATE & INFRA GO HAND IN HAND

In an Interview J C Sharma, Vice Chairman and Managing Director of SOBHA Limited in detail explains the company's expansion plans and the direction the Indian real-estate is moving now.

Indian cities have been growing vertically for some time. However, the height of the new buildings is steadily increasing. Comment

Vertical expansion is the way forward for Indian cities. Rapid urbanisation of cities has resulted in congestion and scarcity of land. Besides land, the problem also percolates to other areas of infrastructure such as public transport. These problems will only escalate as the cities continue to grow exponentially.

Majorly, the metro cities have adopted a high-density vertical model that embraces both its central business and residential areas. High-rise construction not only helps in housing more people using a considerably smaller area of land but also allows the available land to be used for infrastructure activities such as development of roads. This, in turn, has potential to minimise traffic and help decongest cities. Further, smaller piece of land means savings for developer

on cost of land, enabling them to pass on the benefits to consumers. More importantly, efficient property management in high-rise apartments can sustain the property rate and maintain high returns on investment.

Mumbai, Delhi, Bangalore, or Chennai, the cities are growing horizontally and Vertically at the same time. However, the infrastructure seems to be far behind the pace of the development of the real estate segment. Your take on this?

For real estate development to flourish, infrastructure development is imperative. In the last few years, India has taken big strides in infrastructure development. This is evident in the growth of real estate activity beyond the primary markets, extending to micro-markets across all the major cities. Better infrastructural facilities is the basis of organised urban growth.

If done well and in time, real estate can develop better.

SOBHA has been growing its geographical boundaries fast. Elaborate on the new territories that the company has ventured into?

We have entered the Gujarat market with SOBHA Dream Heights at the Gujarat International Finance Tec-City (GIFT City). Besides this, we have entered into a Joint Development Agreement (JDA) for residential development in Hyderabad. Further, we are planning to launch new projects in Bengaluru, Gurugram, Delhi, Hosur, Chennai and Thrissur in the coming quarters.

What are the new trends that is seen in real estate in India?

Some of the emerging trends in the sector include smart home automation. From the initial security features, the concept of smart home automation has come a long way to include features such as gas leakage detectors, fire detection systems, soft panic switch to trigger emergency action, entertainment systems, energy efficiency systems, lighting systems among others. SOBHA developed its first smart home in 2012 with SOBHA Habitech in Bengaluru, which incorporated similar features. These homes are safer, more energy efficient and offer a conducive environment to live in.

Another major visible trend is the affordable luxury housing. These are aspirational homes targeted at middle-income home buyers, offering them modern amenities at par with international standards at an affordable price point. At SOBHA, we offer aspirational homes under the 'Dream Series' segment.

Similarly, developers are increasingly looking at offering housing projects that are unique in their design and architecture. This has led to the emergence of theme-based housing projects. While standing out in the market, these housing projects cater to the demands of niche, well-travelled home buyers exposed to global lifestyle, especially HNIs and NRIs.

What is the effect you expect the current economic scenario would have on the real-estate?

While the Government has taken measures to revive the demand and bring back the real estate sector to play a critical role in driving the Indian economy, the current scenario remains challenging. The sentiments are low, the demand is tepid, liquidity is a challenge and interest rates are still high.

The need of the hour is to emphasise on long-term solutions such as restructuring of loans and improving the availability of liquidity to

the developers. There are empirical evidences suggesting that lowering the rate of interest improves demand. In Indian context, a rate of 7-8% may trigger huge demand to pull the real sector out of the challenging environment. The Government should consider increasing the threshold value and carpet area, bringing more number of homes under affordable housing segment. The ideal value should be about Rs. 1 crore for affordable home with increased threshold area from the current 60 sq. mt. to 90 sq. mt. in metros and from 90 sq. mt. to 120 sq. mt. in non-metro cities, in line with the consumption trends.

Elaborate on the ongoing project of SOBHA

As on June 30th, 2019, the company has ongoing real estate projects aggregating to 42.15 million square feet of developable area and 29.16 million square feet of saleable area. We have a wide range of products, from 1BHK to Presidential Villas, catering to the aspirations and requirements of home buyers across all segments.

Give us the detail of the road map of SOBHA till 2022.

The focus will be to increase our footprint across the country in a calibrated manner. While doing so, our aim will also be towards increasing our volume of business in the country. We are working towards a sustainable business framework, strengthening the brand and creating newer ways to sell better. **CT**

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