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## Real estate better prepared now, impact of 2nd wave of Covid may be limited, say developers

Developers believe that the impact of the second wave of pandemic will be limited on real estate as the sector is better prepared now and has already adapted to digital tools.



The pandemic, however, has made one thing clear that it is time to plan for the short term instead of the long term because of uncertainty in the market.

The second wave of Covid-19 has been more devastating than the first, with severe repercussions on the healthcare system all around. To curtail cases, there have been localized lockdowns across most of the top cities and this has affected site visits and, therefore, housing sales.

Unlike earlier, people are wary of going out at the current time, and home buyers are therefore in a wait-and-watch mode. Most developers too have become cautious and are deferring new launches.

“Sales data for the April-June quarter is not yet in; however, we see that from April till date, there is a more than 50% decline in housing project sales in the top 7 cities against the previous quarter. This is especially true for MMR, Pune, NCR, and Bengaluru. Housing sales in Q2 2021 may reduce by as much as 55% against the first quarter, which saw approx. 58,280 units sold in the top 7 cities,” says Anuj Puri, Chairman, ANAROCK

Property Consultants.

That said, latent housing demand is huge as evidenced by the sound sales revival seen during and after the first wave.

“We, therefore, hope to see some recovery in 3QCY2021 if cases continue to reduce. Meanwhile, construction activity is still going on, albeit in a limited fashion. Ongoing project construction bodes well for homebuyers,” adds Puri.

Whatever be the case, developers believe that the impact of the second wave of pandemic will be limited on real estate as the sector is better prepared now and has already adapted to digital tools.

Abhishek Pandey, VP-Customer Engagement and Distribution, Viridian RED, says, “The real estate sector has staged an impressive growth in 2021, but the second wave of Coronavirus has impacted the pace. Health and well-being are the topmost priority and in such a case, companies have been banking on digital tools and platforms. They are focusing on virtual tours and digitally-enabled marketing activities.”

"It is quite speculated that some of the transactions and deals might be put on hold owing to obvious reasons. though this is not likely to impact the sector for the long run. The real estate sector is better prepared now and has already adapted to digital tools. Rapid inoculation drives are also boosting confidence and the situation is not as bad as it was in April 2020. The impact is likely to be felt till the second quarter of FY2021, after that we hope that the situation starts improving giving thrust to the sector," he says.

Ashish Sarin, CEO, AlphaCorp, says, "Today, the second wave of Coronavirus has imbued uncertainty in the sector, resulting in a temporary pause, but the developers are now better prepared and well-versed with the know-how of a pandemic. The Indian real estate sector is now a buyers' market and the ongoing inoculation program is boosting the confidence of homebuyers. It is most likely that the sector will resume its growth from the second quarter of FY 2021. We will see a steady flow of investments that will ensure growth opportunities with higher returns. The halt will be short-term and cheers and confidence in the market will return as soon as the Covid curve gets slowed."

Some developers say that the second wave of Coronavirus has brought uncertainty in the real estate segment and its impact will be felt across new launches, site visits and property sales.

"Today, the potential buyers are stepping cautiously and lockdown restrictions or movement regulations in various states will cause a delay in the decision-making process. However, the realty segment has shown indomitable spirit and resilience against the pandemic and is better prepared now. We will witness recovery in the Indian economy soon as people are getting inoculated and a rapid revival is inevitable. The boost in investor sentiments will result in the steady growth of the sector," says Mukul Bansal, Director, Motia Group.

Industry experts say the second wave has shaken the entire nation along with the administration. Due to the lockdown in almost the entire country, the economic activities and demand have slowed down. The real estate sector too is being affected by the second wave. So, the 1st quarter of 2021 will result in low sales figures and site visits.

However, "if you see the past, after the 1st wave and lockdown when no one could anticipate the future course, real estate had bounced back well. Both the 3rd and 4th quarter of 2020-21 have shown high volume sales and fast closures. Most of the ready-to-move-in residential inventory had sold out in these 2 quarters and quality pre rented commercial real estate has seen major investment inflow. Surge in amenities, well-maintained, high-safety standards and low-density living are the reason behind the rise in residential sales and the high confidence of investors in rented commercial properties," says Ashish Thapar, Managing Director, T and T Realty Services.

The pandemic, however, has made one thing clear that it is time to plan for the short term instead of the long term because of uncertainty in the market.

Vineet Taing, President, Vatika Business Centre, says, "Numerous corporates who were planning for the long term, their expansion plans and future office space requirements with leased spaces have however come to a standstill with the resurgence of Covid-19. Maybe the time is to have a short-term vision and switch to Business Centres and Serviced Office Spaces which are best suited due to their flexibility to upscale or downscale, easier lease terms, and ready availability."