

Staring at stark reality

Prudhvi Raju | September 26, 2012



Though the market has been on the path to recovery in the last one year, there are many unresolved issues that are worrying developers.

Real estate market is growing in the City with increase in sales in all the regions. However, the recent power crisis in the State, sand issues and doubts over political stability and peacefulness are still hindering the growth of the market.

The real-estate market is gradually picking for last one year and is doing very well especially for last three months. Although, there is growth in different regions, but it is substantial in West (Madhapur and Gachibowli) and North West regions of the City (Kukatpally and Miyapur) because of the employment provided by IT and ITES companies even in during this tough times, said PV Ravindra Kumar, CEO, Vasathi Housing.

The IT industry is driving real estate industry in recent times. Although, the City is very much known for Pharma and equipment manufacturing, the power crisis hit them badly raising doubts not only in their growth but also their sustenance. However, IT industry continues to grow and manage the crisis with gensets. Hence forth, the sales are specially happening in the west side of the City, he explained.

On recent changes for the GO 45, he said, "The developer has to pay Rs.70-80 per sft and get himself exempted from developing housing for EWS and LIG. The fee will be utilised by the government for the purpose of developing housing for weaker sections. This will be additional burden on builders. Hyderabad market is customer friendly market in terms of prices. The developers work at thin margins and survive only on volumes. This new rule will increase the construction costs for the developers,"

"The power crisis is affecting small-scale industries and many of them are getting closed. The power and cement equipment manufacturing industries are inherent strengths of the City. With the power crisis affecting these small-scale industries, will have negative impact on the economy of the city including real estate. It is high time that government should understand power crisis would have huge repercussions and hinders the growth of the city in all aspects," Kumar said

There is huge variance in the sand prices. Still, the developers have to pay high price for the sand, which is Rs.40,000 for a truck. Unfortunately, government did not do much on this issue. Even the workforce (labour), who are not getting continuous work because of all this issues may move to other cities. This could even create human resource problem in the city. The government should able to give better administration with security and peacefulness and uninterrupted power for the growth of City and industry, he added.