

# 'Ready homes are seeing higher traction in sales'

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**R**eal estate firms aim to diversify their portfolios and tap newer revenue streams such as warehousing and data centres. Residential prices have remained stagnant for a couple of years now, but developers believe prices will rise, sustaining margins. As part of Mint's ongoing 'Pivot or Perish' series, Bijay Agarwal, managing director, Salarpuria Sattva, spoke about expanding the portfolio, the revival of demand, and

the challenges in commercial real estate. Edited excerpts:

## Are you seeing signs of recovery in the residential sector?

After the initial months of lockdown, when most businesses were impacted, as was real estate, we are seeing steady recovery in the residential segment. From July-August onwards, we have seen an upswing in residential sales and with every month there is a 10-15% sales growth.

Post-covid, potential homebuyers and fence-sitters seem to think that a house is essential to have. Those who have been able to retain their jobs and salaries also believe that they need slightly bigger homes. In the past several months, work-from-home and online classes for children have pushed people to feel the need for bigger living spaces.

## In which price segments are homes seeing more sales traction?

We are witnessing steady sales in the last 2-3 months across price segments, between ₹50 lakh- ₹2 crore. Not only the mid-segment but even premium projects are doing well.

Around 60-65% sales are happening in the ready-to-move-in segment or projects which will be completed in six months and people can move in quickly.

## What does your launch pipeline look like?

We have a mix of plotted developments and housing projects that we plan to launch. There is good demand for plots and we are launching two such projects in Bengaluru, as well as one in Mandya, Karnataka. Many of these launches were supposed to

happen earlier this year and got pushed to the latter half because of the pandemic and lockdowns. We also have an affordable housing project, with ₹35-60 lakh homes coming up in suburban Bengaluru and another premium project priced at ₹1.5-2.5 crore.

Plotted projects have obvious benefits where as a developer we can build the infrastructure, launch and sell quicker than an apartment project.

## Are developers facing pricing pressure?

Property prices have not gone up in the last 2-3 years. They have actually hit the bottom. While there is 5-7% price negotiation happening, I feel prices going down further will be unsustainable for us. We expect prices to rise by 10-15% next year or builders won't be able to cope and margins will be sharply impacted.

## Is it an opportune time to explore new businesses?

We are looking at diversifying

and expanding our portfolio. Based on the demand from companies, warehousing is a new area of interest and we are looking at land parcels of around 30-40 acres in Bengaluru. We have recently completed our first data centre in Whitefield, Bengaluru, and are close to completing a second one in Mumbai. We would like to scale up this business because there is huge demand from large companies for data centres and there is a good opportunity to build and sell these assets.

We have also invested in the co-working and co-living space and see growth potential there. **Salarpuria has built a significant commercial office portfolio. How has covid impacted the office business?**

In commercial office, there is little requirement for new space. Most companies have allowed work-from-home till March or even June.

Renewal of leases are happening by and

large and we have seen 1 out of 10 companies giving up space, but not the entire office space. Tenants are requesting rent commencement dates to be pushed back by 2-3 months in some cases. In Hyderabad, we have 16 million sq. ft construction going on and will start another 10 million sq. ft. Even if demand for new space is not back anytime soon, we are taking a long-term bet on the office business, which will revive in due course.



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