

Realty firms in north focus on clearing backlog

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Even with land prices depreciating by 25 to 30 per cent in the National Capital Region, realty companies are concentrating on delivering ongoing projects rather than strengthening their land banks.

Said Rajeev Talwar, executive director, DLF: "The equation which was there previously of acquiring more land banks have changed and all developers today are more focused on delivering projects."

Realty analysts also believe most of the top developers learnt their lesson that delivery is the most important aspect and the projects left incomplete during the slowdown need to be completed first.

"All the developers in north India acquired a lot of land during the pre-slowdown time and they did it across the country to construct hotels, commercial property, retail complexes and many more. But, as the slowdown came by, lots of the projects never started or were stopped mid way. This sent out a clear signal that there is no point in doing so many things at the same time and now most developers are consolidating on doing their ongoing projects, as they realise delivering them on time is the key," said Santosh Kumar, CEO Operations, Jones Lang LeSalle Meghraj.

The demand for land is now in smaller plots, in places where residential projects are doing well. "Developers are still looking for land in Gurgaon as there is lot of demand for residential projects, but the focus is on only buying land where one witnesses clear



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demand, rather than just increasing the land banks," added Kumar.

TDI Infrastructure, a developer in north India, feels most realty players are now concentrating on consolidating their present projects rather than acquiring more land banks. "We have around 5,000 acres of land and presently our focus is on completing the projects in Mohali and Kundli. Acquisition of land is not a priority for us, even though land prices across the country have taken a hit," said a senior official of TDI who did not want to be named.

Raheja Developers, a realty player in north India, feels

the market is on a consolidation stage right now and the prices of land will not rise in the next year. According to Navin M Raheja, Chairman and Managing Director: "The price of land has come down significantly after the global financial crisis, by 35 to 40 per cent. The land prices will remain at the present level for six to eight months because all the projects which were launched but failed to impress the buyers are available in the market at lower pricing."

Raheja further added that, "the developers are focusing on optimum utilisation of existing land banks. As a result, the new demand for virgin/unlicensed land/agricultural land is not there. The market is trying to consolidate the existing supply. But, a poor trend in land prices in the next one year is inevitable. We envisage an upward trend of 10-20 per cent after one year."