

# 'Affordable housing will drive real estate'

*In an industry whose contemporary mantra is to dominate the high-end segment where margins command a premium, Prem Adip Rishi, managing director of MVL Ltd, is atypical. He tells V Rohit that a business model catering to the lower segments with low margins and high volumes would fuel future growth of the industry:*

■ Sales are said to have slowed and markets softened. How do you see the real estate market today?

The prices had started on their upward trend around 2001-02. This was market-driven. However, the end of 2006 saw speculative investors, which led to an artificial shortage in supply and thereby a skyrocketing of prices. They would buy in bulk and release the stock gradually so that they could maintain the prices. The end-user did not have opportunity to buy. Growth



slowed down, but that was not because there were no customers. A correction is happening. We are already seeing end-users taking interest in real estate again.

■ What according to you has led to the increased foreign interest in Indian realty?

Over the last few years, increasing disposable incomes have resulted in a surge in purchasing

power. This has translated into greater demand for residential as well as other types of real estate. Organised retail has led to a surge in retail space. This is in keeping with trends in countries like Taiwan, China and others where mom-and-pop stores were increasingly replaced by hypermarkets. The margin for developers has seen a huge increase. This is attracting a lot of interest from foreign investors.

■ Do we need a regulatory system to ensure more transparency, accountability and discipline in the real estate industry?

Real estate companies are seeing the need for being transparent and professional. However, a regulatory system put in place by the government will ensure greater confidence in this sector. It will prevent fly-by-night companies, which one keeps hearing of, from entering the market. However, the

authorities should not impose regressive regulations that will prevent new and smaller companies from entering the sector.

■ Which sectors will drive the real estate market in the coming years?

Housing for the common man will be a big driver. Out of the projected shortage of 20 million units, nearly 95 per cent is in the low-income group (LIG) and middle-income group (MIG). Tier II and tier III cities and towns hold enormous potential.

With several industrial corridors and hubs being planned, there will be a surge in industrial towns. An important factor is the boom in Indian manufacturing, which we believe will provide us great opportunities. Increasing employment opportunities means higher demand for better housing and commercial spaces. New satellite towns will be developed.