

RBI's move to keep repo rate unchanged to boost real estate sector: experts

The apex bank Friday kept the repo rate unchanged at 6.50 per cent, despite global and domestic macro-economic headwinds of rising interest rates in the US and rising crude prices

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The Reserve Bank of India's (RBI) decision to keep the repo rate

unchanged will give a much needed boost to the real estate sector which is witnessing signs of revival in the past six months, industry experts said.

The apex bank Friday kept the repo rate unchanged at 6.50 per cent, despite global and domestic macro-economic headwinds of rising interest rates in the US, rising crude prices, threat of crude oil fuelled inflation, weaker currency and FII outflows, Knight Frank India Chairman and Managing Director Shishir Bajjal said.

"The rates remaining unchanged has opened a great opportunity for buyers. As the festive season is also round the corner and property rates are fairly low across the country, it will trigger the home buying sentiment in the market. Also the rupee has depreciated to its all time low to 74 against dollar should attract NRI property buyers," Poddar Housing and Development managing director Rohit Poddar said.

Echoing similar views CREDAI national president Jaxay Shah said the decision to keep the repo rate unchanged is a relief to the developers, home buyers and real estate stakeholders at large.

"However, the economy is too precariously poised for real estate to pull itself by its bootstraps. We hope in particular for decisive steps to end the credit freeze," he added.

Welcoming the decision, CBRE India and South East Asia chairman Anshuman Magazine said that any hike in repo rate would have impacted consumption sentiments and also the real estate sector.

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"Also, the change in stance of the RBI from neutral to calibrated tightening is an indication of the intent to keep inflation levels in check," he said.

Voicing similar concerns, Colliers International India managing director Joe Verghese opined that considering the mood of uneasiness in the banking and financial sector, the RBI has taken the right step by not going in for another hike in interest rates at this stage.

"This would have only further dampened the sentiments across the real estate industry, especially with the festive season round the corner," he said.

House of Hiranandani chairman and MD Surendra Hiranandani said the hike might have impacted consumption sentiments negatively ahead of the festive season.

"From a consumers perspective, home loan rates are attractive so they must utilise this opportunity and make their purchases by cashing in on deals in the market," he said.

Group CEO Housing.com Dhruv Agarwala felt that as we are near the festive season, a rate cut would have allowed potential buyers to plan better for their investments in the property market for the current financial year.

Property consultant JLL CEO and country head Ramesh Nair said that for home buyers, the timing could not have been better as lending rates are not expected to increase from current levels.

"Besides providing a major fillip to buyer sentiment, RBI's move should also translate into boosting demand. With the latest GDP numbers indicating better growth prospects for the Indian economy, we hope the central bank will have enough elbow room to make it conducive for home buyers," he added.

Paradigm Realty managing director Parth Mehta said this pause on the repo rate is a temporary relief and is not a burden for the home buyers especially during this festive season.