

# Speculative values impact housing demand

Let's take a look....

**T**he two main driving forces behind making an investment are hope and aspiration. Everyone wants their money to grow. Saving and investment are words which every Indian learns from their childhood days. Investment is time, energy or matter spent in the hope of future benefits realised within a specified date or time frame. In finance, investment is buying or creating an asset with the expectation of capital appreciation, dividends (profit), interest earnings, rents or some combination of these returns.

Predominantly in India, real estate is considered to be safest market among all. Property ownership and possession gives immense satisfaction to any individual and the hunger for more such possessions never ends. Housing is no more mere necessity and in current times, it's a luxury and a status symbol. Considering the same, last decade has witnessed immense price rise of properties in across all Indian cities in across all segments of real-estate.

Today, prices of houses are at its peak. The reason behind the same is higher input cost (land and construction cost) and increase in developer's margin. Tremendous readymade housing stock and under-construction housing stock is available in market in across all major Indian cities including Tier-I and II cities.



Thus, buyers should always be cautious for speculative market and over speculative prices.

Speculation can often be hard to identify, even after the event due to the difficulty in accurately estimating these fundamental or intrinsic values. The speculation is defined as 'The act of trading in an asset, or conducting a financial transaction, that has a significant risk of losing most or all of the initial outlay, in expectation of a substantial gain.'

## INDIAN SCENARIO

When it comes to India, on one hand, our country is facing housing shortage. Demand is there but by-and-large, people are looking for quality housing from private developers considering it as

status symbol. Factors which propel demand are rising opportunities in IT/ITES, with penetration of education in families—changing aspirations and preferences of Indian households, increasing nuclear families and youth coming in to decision-making when it comes to buying properties. At the end of the day, everyone aspires and desires to raise living standards and incline towards upgrading lifestyle, hence, housing

industry is cashing on it. In current times, it's a buyer's market. Projects on good locations with genuine offering prices will definitely pick up. Desiring the same, center government is doing its every bit by focusing on spending on infrastructure, reviving economy through various campaigns and increasing education facilities which ultimately translates in to self-sustained upgradation in lifestyle. In today's time, property buyers have to take decision of buying property considering over speculative values in mind and for projects by organised developers at good location for buying is big 'Yes'.

— Anushrav Bhatt

(Writer is a city-based housing planner and real estate analyst)

## FAST FACT

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