

<b>Benchmarks &gt;</b> <b>Nifty</b> <span style="color: green;">LIVE</span> 11,502.40 <span style="color: green;">27.95</span>	<b>NSE Gainer-Large Cap &gt;</b> <b>Concor</b> 641.65 <span style="color: green;">36.90</span>	<b>Precious Metal &gt;</b> <b>Gold (MCX) (Rs/10g.)</b> 36,848.00 <span style="color: red;">-65.00</span>	Stock Analysis, IPO, Mutual Funds, Bonds & More <b>Market Watch</b>
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# Most investors prefer real estate, says survey. Really?

BY ET BUREAU | UPDATED: SEP 30, 2019, 02.28 PM IST

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The turmoil in the equity markets and the decline in interest rates may have pushed investors towards real estate. An online survey shows that 57% of people prefer to invest in real estate. The survey was conducted by Anarock Property Consultant in the first quarter of 2019 and received 2,797 responses from across income levels, age groups and geographies. Respondents from Bengaluru were the most bullish on real estate, with 67% preferring property as an investment. This was followed by Tier II and Tier II cities (also 67%) and Hyderabad (64%).

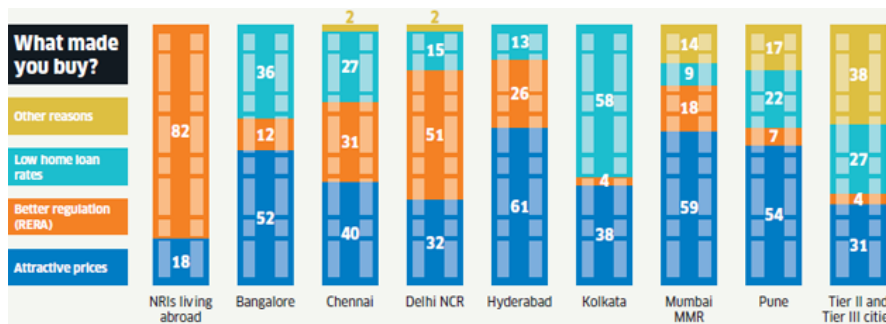
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## If you bought property within the past one year, what was the key reason for the decision?

- Attractive prices: 50%
- Better regulation (RERA): 22%
- Low home loan rates: 20%
- Other reasons: 8%

### Findings of Indian Residential Real Estate Consumer Sentiment Survey (H1 2019) by Anarock

The introduction of the Real Estate Regulation Act (RERA) was a major setback for developers as housing sales declined sharply and property prices came down. However, the attractive discounts offered by builders to clear inventory eventually led to an uptick in sales in the following year. Better regulation under RERA was also a big reason for the improvement in consumer sentiment.

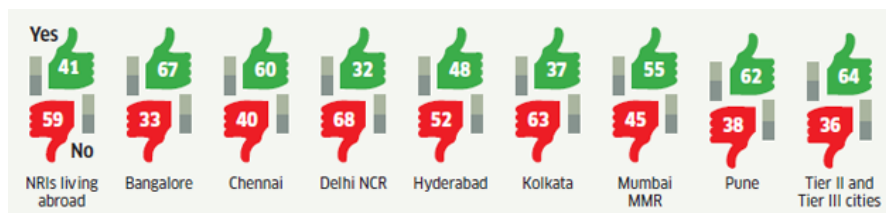


Figures are % of respondents who cited that reason

These numbers are quite heartening, but we doubt if real estate is really the best investment opportunity. The RBI House Price Index (all India) registered a CAGR of 7.3% in the five years ended 31 March 2019. In other words, Rs 10 lakh invested in real estate in April 2014 grew to Rs 14.5 lakh in five years.

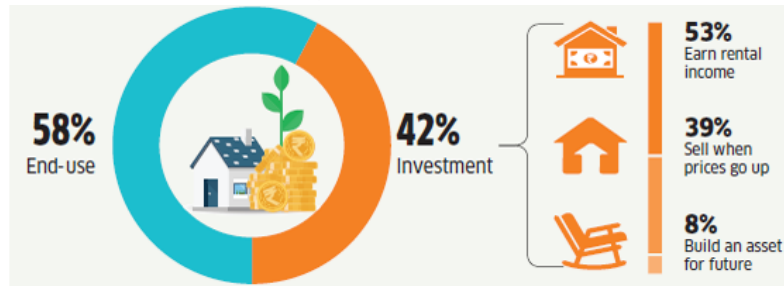
Compare this with the returns from equity. During the same period, the Nifty clocked a growth of 11.6% and the average multi-cap equity fund delivered 14.8% returns. So, Rs 10 lakh invested in a multi-cap fund in April 2014 almost doubled in value in five years.

## Will you buy from the same builder?



Incidentally, gold gave 4% returns during the same period. "Gold, now being considered a dead asset by many, is largely attractive to those who are still not aware or accessible to other financial asset classes," notes the Anarock study.

### Did you buy property for end-use or investment? If bought as an investment, what do you plan to do?



According to Anarock, sops announced by the government, reduction of GST rates for under-construction properties and correction in property prices have combined to boost investor sentiment. Despite all the headwinds faced by the sector, housing sales in top seven cities rose 18% and new launches increased 33% in 2018. The study notes that low property prices was the biggest reason that influenced buyers in 2018.

### If you invested in property in past five years, are you happy with the returns?

Yes: 62%

No: 38%

However, in a damning indictment of the real estate developers, one out of two respondents (48%) said they would not buy property from the same builder. Only 52% of the respondents were satisfied with their purchases.

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