

Data Focus

Home loans may build up momentum as consumers dare to dream 'big'

Surabhi Mumbai | Updated on September 29, 2021



Easing of Covid curbs, improving bank credit brighten prospects for the sector

Home loans are expected to see a sharp uptick in disbursement this festival season, given the offerings of banks and housing finance companies, as well as demand amongst consumers, many of whom are looking to move to a bigger house amidst requirements of working from home, or are simply keen on buying a second house.

While lenders say the demand for home loans continues with lower defaults compared to other segments, real estate players have also reported more uptick in home purchases.

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“This is a good time for buying a home as rates are very low and people have realised the importance of having a home of their own in the pandemic. Property prices have remained largely stable. Moreover, for most people, salary cuts have been restored and there is optimism about prospects,” said an HFC executive.

Intense competition

There is also intense competition in the sector, with banks such as Kotak Mahindra Bank, State Bank of India, Punjab National Bank as well as HFCs like HDFC and LIC Housing Finance announcing special home loan rates for the festival period.

“Following the relaxation in lockdown since June 2021, bank credit growth has been improving gradually. This is expected to be supported with rate cuts by banks to push credit as several banks are offering loans at record low-interest rate ahead of the festival season,” said CARE Ratings in a recent report, adding it is expected to improve further, led by the retail segment with the arrival of the festival season.

According to property consultant Anarock, housing sales grew by 113 per cent during July-September period at 62,800 units across seven major cities from 29,520 units a year ago, driven by better demand, low mortgage rates and hiring in IT/ITeS sector.

Sales of residential properties stood at 24,560 units in the second quarter of the fiscal.

“In the third quarter, significantly improved job security and robust hiring in the IT/ITeS and financial sectors piggybacked on record-low home loan rates and growing home ownership sentiment. The ongoing WFH culture continues to influence residential sentiment on two major fronts – overall housing demand and unit sizes,” said Anuj Puri, Chairman - Anarock Group.

New launches rise