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Shriram Properties sees no impact of job losses, high mortgage rates, on housing demand

Shriram Properties Ltd, the real estate arm of the Shriram Group, expects to clock a 20 per cent yearly growth in sales for the next three years, with demand intact in its core market in southern India despite widespread job losses in the technology sector and high mortgage rates.

Admitting that there were job losses and interest rates had gone up, M Murali, chairman and managing director of Shriram Properties told business line that this would not have a big impact on India and home-buying sentiments.

He pointed out that fundamentally, Indians had a savings mindset and during times of financial insecurity they tended to buy homes in addition to gold, which is the favorite hedge the world over. He said that the propensity to buy homes, for which Covid-19 was responsible, was still a major driver as it had brought them back to the basics of life.

The company, which is backed by funds such as TPG, Walton Street Capital and Starwood Capital, has the majority of its residential portfolio in the mid-income segment. In the current quarter to March, the company has six launches in all spread over 13 lakh square feet, compared to the 10 lakh square feet it launched in the December quarter. The launches would have a potential sales value of ₹600 crore, Murali said.

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Some of the projects that the company is launching in the current quarter were to have been launched earlier but could not be due to delays in approvals. Including ongoing projects, the company has a pipeline of 5.3 crore square feet in saleable area.

New markets

Over the next three years, it plans to complete and deliver one crore square feet.

Bengaluru and Chennai are its core markets where it plans to deepen its presence. It is just starting off in places such as Kolkata, Coimbatore and Vizag, and plans to foray into areas such as Hyderabad and Pune. Murali said that they would look at Mumbai sometime in the future, but there are no plans to enter the National Capital Region.

The foray into new markets will be through joint developments and joint ventures.

In the first nine months of FY23, the company sold 27 lakh square feet, up 5 per cent on year
And sales value was higher by 35 per cent at ₹1,352 crores.

Aggregate collections were nearly flat at ₹887 crores in the same period.