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A Rapid Hike in the Housing Sector by Vinay Jain

Article published on July 4th 2012 | Real Estate

At a time when real estate values started stabilising in and around Chennai, the government of Tamil Nadu has increased the rule values for realty registration functions by hiking the values from sixty per cent to three hundred per cent effective April one. This has sent shock waves among the business and therefore the landowners and property developers are in a piquant state of affairs currently.

The governmentâ€™s reduction in stamp duty by one per cent has not gone well with the business when the rule values were raised to unexpected levels. The realty sector is in for rebellious times owing to sudden and remarkable hike in guideline values and therefore the worst hit sector are going to be reasonable housing phase.

According to official sources, though the revenue for the 2 month amount (April and May) was up by Rs one hundred crore, the amount of transaction has come back down drastically. business sources say that town space transactions fell through owing to reluctance on the part of consumers to soak up the hike in stamp duty.

In vibrant industrial areas like Whites road, the rule price soared to Rs 16000 higher than the market price. In different town areas like Abhiramapuram, the price for residential property in Chennai is quite the industrial value. The state government in their anxiety to curb the unaccounted cash in realty transaction has sent a wrong signal to the market which can adversely impact the housing development.

Land transactions aren't happening today not attributable to the steep hike in guideline values alone however owing to the cascading impact of RBI restrictions on bank funding to realty sector, uncertainty in FDI investment, world meltdown, higher expectations of PE funds and soaring land price. What has aggravated the entire situation additional is that the sudden hike in guideline values.

The worst hit within the current situation is that the reasonable housing phase and therefore the common man for whom the dream of owning a shelter can solely get longer. Though official sources claim that the hike in guideline values vary from sixty per cent in suburbs and outermost areas, lack of development and lesser margins for developers won't encourage them and solely prolong the general development of reasonable housing within the returning months.

Yet another phase that bore the brunt of the hike in guideline values is that the homeowners in exigencies. The distress sale isn't happening due mainly to the hike in guideline values.

While guideline values within the town are over market values, within the suburbs it's the reverse, which may be a matter of concern. This disparity is partly owing to the slow growth of realty costs in suburban areas. Though properties are obtainable at lower rates, we've to pay a better stamp duty and registration fees there as they're calculated based mostly on guideline values, that are over market costs.

There is conjointly a region of developers who feel that in some areas, the rule price revision has been so much too steep. With such upward revisions, middle income individuals can realize it troublesome to purchase property in Chennai. Already, several of them are moving to suburban locations. However, so much this argument can cut ice may be a matter of dialogue.

Even when the rule values were low, builders kept apartment costs high, who ended his five-year

look for an apartment a month ago.

Article Source:
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PropTiger is an independent real estate advisor with a pan-India presence. We aspire to be your first port of call if you want to buy a a property in Chennai.

Article Keywords:
property in chennai, residential property chennai, chennai property, real estate chennai, chennai properties, properties in chennai, residential real estate chennai, chennai real estate, flats for sale chennai, apartments in india, flats in chennai

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