

THE HOME BUYER'S GUIDE



Buying a home is not just buying a mound of brick and mortar. A home signifies security, convenience & a family where every member belongs to and comes back to feel peace, love, solace and joy. Any home-buying decision must be considered keeping these in mind and more.

BUYING A HOME IS TRULY CREATING AN ASSET



PHYSICAL ASSET

Unlike any other asset, a home is an asset which can serve the purpose of investment (capital appreciation) and receiving regular income (rental income) or living. In fact, a home is a location based asset and the chance of acquiring a suitable home is not all that frequent.



LOCKED IN VALUE

Homes have locked-in value which never gets damaged, except in extremely rare circumstances. In Kolkata, home prices have risen steadily over the years. Kolkata real estate market is one of the most stable markets in the country.

TAX BENEFITS



Purchasing a home with home loan gives tax benefits under the Income Tax Act on principal and interest payment. Other asset creation is not so tax efficient.



LIVING ON RENT

Living on rent comes with its fair share of uncertainty & difficulty. Being on the lookout for rental homes after every contract is ended is troublesome.

Conflicts with landlords are also common. Why not pay the rent as an EMI for buying a home on home loan? It will create an appreciable asset.

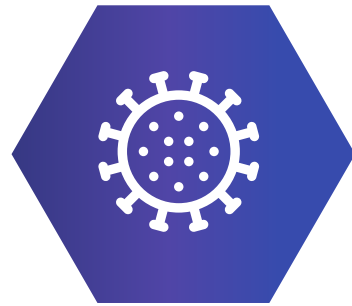


SOCIAL RESPECT & SECURITY

Owning a home imparts a sense of security and social respect which is not possible by living on rent. In uncertain times such as this, having your own home is a huge relief unlike staying as a tenant.



IS IT THE RIGHT TIME TO BUY A HOME?



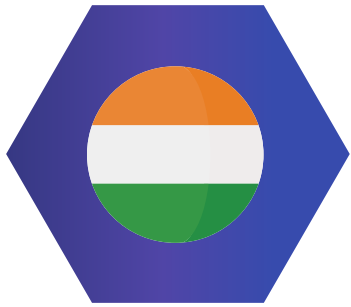
COVID-19 IS TEMPORARY

COVID-19 pandemic is not going to be permanent. Most countries are already improving on the situation and the rate of new infection has slowed down. It is just a matter of time before we restart the economy. This crisis offers a great opportunity to buy assets at reasonable prices.



GOVERNMENT WILL SUPPORT THE ECONOMY

The Central Government, different state governments and RBI have already started the process of supporting the economy with various stimulus measures. The Central Government has announced a Rs 1.7 lakh crore package for migrant workers and the urban and rural poor. The RBI has infused nearly Rs 2.37 lakh crore into the system through a reduction in CRR, repo and reverse repo rates, etc. which accounts for nearly 3.2% of GDP. Going forward, there is an expectation of more such measures to stabilize the economy.



COVID-19 IS UNDER CONTROL IN INDIA

Due to preventive measures such as timely lockdown forced by the Indian government, the COVID-19 crisis in India is largely under control. The number of infections & death per million population are one of the lowest in the world.



NEED FOR LARGER HOUSES

Amidst the ongoing lockdown, many people have felt the need of possessing larger houses and so once the situation becomes normal, there will be a huge demand for upgrading from the existing apartments and this may lead to an immediate price hike of larger apartments.



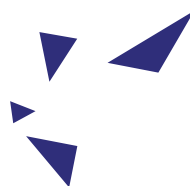
HOME LOAN RATES AT RECORD LOW LEVELS

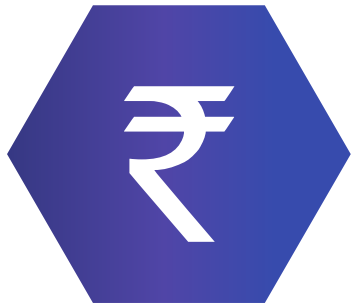
Home loan rates are at all-time low & such an opportunity comes extremely rarely. Interest rates can hardly go lower and can only rise from here. SBI's home loan rates now start at 7.15%, lowest in the last decade.



PMAY CLSS BENEFITS EXTENDED

Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojana is extended till March 31, 2021. The scheme offers substantial financial benefits to a homebuyer.





PRICES ARE RANGE-BOUND BUT CAN INCREASE

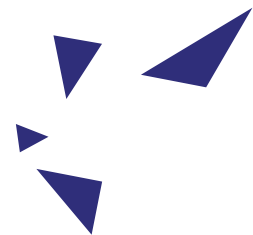
Residential real estate prices have remained almost flat for a long time in Kolkata.

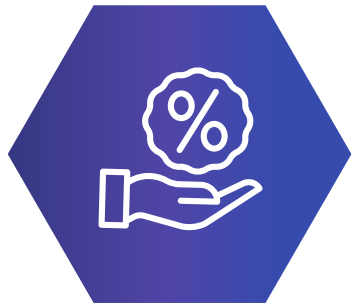
However, prices of raw materials like cement, steel, etc. are expected to inch up due to the current economic disruption which will force the developers to raise prices of properties.



DEMAND IS LIKELY TO INCREASE

Many non-resident professionals working outside Kolkata in other cities are likely to come back to Kolkata after the lockdown is lifted & they are likely to purchase homes in the city.





SALES INCENTIVES

Due to the COVID-19 disruption, most developers are offering lucrative incentives. These offers can entail substantial savings for a homebuyer.





CHOOSING A HOME THAT IS RIGHT FOR A HOME-BUYER

The choice purely depends on your financial goals, budget, age, family size, location of office and children's school.

However, there is a distinct advantage of buying a flat in a housing complex than in a standalone building. Housing complexes come with a plethora of amenities and enhanced security which are absent in standalone buildings.

As 'work from home' and online education for children are here to stay, there is a requirement for larger homes. People will spend more time at home and amenities like gym, garden, jogging tracks will be highly needed to unwind. Housing complexes win over standalone buildings in this respect.



UNDER-CONSTRUCTION HOUSE

In an under-construction house, the home buyers have several options to choose from depending on their time horizon as there are plenty of units that are in various stages of construction. This enables the buyer to pick and choose the unit of their choice, select the room views, type unit size & also make staggered payments. However, there used to be construction quality issues & delivery risk with the purchase of an under-construction unit. But now purchasing a home in a project registered with HIRA largely mitigates the risk. GST is applicable on an under construction house.



READY-TO-MOVE-IN

In this option, a buyer can purchase what he sees and so there's no execution, quality, room view, etc. risk. However, in terms of payments, the entire amount has to be paid in one go, although home loan is available. GST is not applicable on completed projects with a CC and this is a source of savings.



GOOD TIMES DON'T LAST FOREVER

The time for buying a new home is never better than now. Home loan rates at all-time low, stable prices, lucrative incentives from the developers, PMAY CLSS benefits – all are offering a great mix in favour of the homebuyers.

However, this good time is not going to last forever. Raw material prices are sure to go up as the supply chains got disrupted and the factories will take time to implement better health standard for the workers and achieve full capacity. The home loan rates also cannot go any lower from hereon.

Instead of waiting, homebuyers should take advantage of this God given opportunity and must not let it pass.

THANKS

