

CREDAI-MCHI Webinar: Key to the Lockdown – Episode 11

Date 16th April, 2020 (Thursday)

Time 11:00 noon

Topic: Navigating Through the Pandemic and Beyond

Speaker: Shri. Shrikant Joshi & Mohit Malhotra

Opening Remarks

Mr. Nayan Shah

Acknowledged the Webinar Task Team Members and Secretariat Staff doing a wonderful, this is key to unlock the lockdown.

ANSHUMAN MAAGZINE

- Office Market – Last Year Leasing 63 M sqft highest in the world.
- Year 95-96: The supply was 36 Billion sqft.
- March demand dropped, mainly in cities Delhi, Bangalore and Pune where the sale is large
- In the last 5 years, the American have taken 9 million sqft. They dominate our Office space.
- Thousands of American Employees are in India
- India the only country in the last 20 years where average rental remain the same
- Average Fit out cost is 40\$ / sqft. for last 20 years
- Skilled manpower
- Slow down in demand but will improve
- CBRE survey with their client - 90% would like to continue to expand
- There will a big shift WFH in the coming years, so less demand in office space.
- However, on technology front, people will go to work

RESIDENTIAL

- Positives- Decline in supply 35%
- Unsold inventory has come down
- Average price is up by 5%
- Residential market will come back.
- A lot of urbanization taking place, need for residential space will pick up.

RETAIL

- Retail will take a longer time to recover
- To work together to come out of the problem
- Warehousing is bright spot will recover faster because of e commerce demand
- To Witness diversification of Business because of China
- Going forward, India will benefit, Japanese companies will look at India.
- India and Government to take this opportunity and grab it

In China

- The Chinese market has recovered after COVID 19
- Is much better than expected in this short time
- A cap on prices and this is the reason for their success. There was a big rush of sales
- They suffered in Retail. Their Government and Retail are working together for revival
- Retail sales are picking up, e-commerce is also doing well

- Real Estate getting very good support from China Government.

OTHER COUNTRIES

- South East Asia and Middle East are badly affected.
- In Dubai, 100,000 Chinese use to visit every month and this has vanished.
- Thailand, Tourism which was a big time, as lost completely.

INDIA

- India is still in a better position compared to other south east countries
- India should not subsidize salaries unlike other developed countries.
- On Government side, should give 6 to 12 months abatement in tax and one-time restructuring.
- On supply side, Government should increase the tax benefits for flat buyers for the demand to increase.
- Developers on getting one-time restricting and GST reduction will benefit.

MR. SHRIKANT JOSHI

- Not to get scared and expect for the worst. Vaccine is atleast 12 months away.
- Biggest drop in the global economy after the Great Depression in 1930
- China growth rate @ 1% and India @ 2% growth rate
- Our Currency was the lowest depreciation in the world. Good Food Stock
- Work From Home will continue for sometime. We are getting use to this format.
- In the last 2 to 3 years, Office and Mall were doing well when compared to residential and Office Space.
- Real Estate will come back.
- Long term for Real Estate– India is low urbanized country, this is temporary phenomena and will come back in 6 months
- We need to reduce costs in terms of manpower, projects etc..
- Digitization is a big area. Looking at Digitisation would be a good solution

For COVID 19,

- L& T has donated Rs.150 crores
- 150,000 workers to feed and providing also medical facilities,
- Health Centres are opened for the patients.
- We all have to come together for fight against this cause

MOHIT MALHOTRA

A) Once time event

Difficult to predict what will happen later.

You can't plan for this unique situation but be flexible.

This is Pain in the short term and things would prevail for another 3 to 4 quarters

Bullish about India growing in the next 5 years

Expect shorttime gain

Demand would come back sharply. Investors have gone away.

Volatility is not that sharp. Investment perspective would also start little late.

B) We need to reimagine our business

All innovation has happened during the crisis.

Sales process is completely Digital during the last 1 year.

Why can't we do Real Estate online 11/2 back.

We did 800 crores of sales online in the month of March before the lockdown was announced

Overdependence on labour and lack of construction.

Might expect labour shortage.

C) Strategy is to preserve Cash flow.

Look at partnership is crucial. This would accelerate the business and would be win-win situation

QUESTIONS & ANSWERS

WHAT IS THE SITUATION ON LABOUR FRONT:

SHRIKANT JOSHI

- The workers fear that they wouldn't get paid, place to stay etc...
- It is important to take care of them and retain them. Some of them will go back.
- Full-fledged work will start in August.
- It is a Social Challenge, it is important to take care of the labourers as much as you can.
- Our Team working on new technologies to adapt.
- To bring in innovation at construction. Challenge on finishing projects on record time.

ON FINANCING SIDE

- For the stress developers, need to argue on restructuring the loans.
- Banks coming forward to take up sick projects.
- To bring down GST with input tax credit and pass on the benefit to the customers

WILL YOU DO SOMETHING DIFFERENT ARE THERE ANY SILVER-LINE DUE TO THIS CRISIS

MOHIT MALHOTRA

- To look at technology i.e digital on sales.
- The critical focus is to give them food grains, take care of partners and labourers.
- A lot of focus on design and product development. Technology is the key to many solutions.

On Financing

- Depend on respective balance sheet of developers.
- It is individual developers based question.
- We need industry wide solution to be provided by the government.
- Stamp duties to be brought to 1%.
- Need to provide tax benefits for flat buyers to boost sales.

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5 GOOD THINGS TO DO

- 1) Cut Cost NOW
- 2) Plan Post Covid 19
- 3) Informed decision. Margins have shrunk during this period.
- 4) Think hard before you buy a land
- 5) Focus on Technology and to be One Voice through out the Country. Be United