

Should you invest in luxury housing?

Investing in luxury properties has its own merits. Here is a sneak peek into this segment of real estate.

MagicBricks.com

Larger ticket size

Since a luxury property brings a combination of style and comfort, it is expected to be equipped with high-quality material, right from construction material to fixtures and fittings. This is one of the major reasons why luxury homes are priced way above the average. As against the general market price of Rs 4,000-8,000 per sq ft, rates for a luxury property could go as high as Rs 15,000-80,000 per sq ft, in the same locality. This means an investor requires a corpus of at least Rs 2-3 crore to buy a property of minimum 1,500-sq ft.

Niche market

Luxury property market is largely driven by High Net-worth Individuals (HNIs), Non Resident Indians (NRIs), industrialists, high-profile businessmen and corporate executives. This segment of buyers is relatively less-impacted by the economic and market conditions and there are possibilities that the luxury property market remains active.

“The trend in luxury housing is witnessing an upward trajectory. The upper-middle class is beginning to graduate to luxury living in western-styled homes with ultra-modern facilities, and this segment is on the rise,” says Mohit Goel, chief executive officer of Delhi-based Omaxe Ltd. This demand is not only restricted to metros but also tier II cities like Ludhiana, New Chandigarh and Lucknow, he adds. An investor could also expect higher than average rental values from luxury properties.

Dollar-Rupee equation

Given the hike in the US dollar versus Indian rupee exchange rate, a Non Resident Indian (NRI) is in a position to get more. **“There is an apparent rise in the interest from NRIs, especially from the US, UK and Singapore,” says Arjun Agarwal, director and chief executive officer of Bangalore-based real estate developer Bhartiya Urban.**

The NRI remittance into the country is recorded at Rs 74,500 crore, in the current fiscal year so far, and more than 40 per cent ie Rs 29,800 crore have gone into real estate.

<http://content.magicbricks.com/should-you-invest-in-luxury-housing/>