

Home ownership: Are you ready?

While experts wax eloquent about the benefits of buying property, it may not necessarily be the right decision for everyone. Realtors and industry experts ascertain which individuals are best suited to invest in a home and the aspects that they should take into account when doing so

Gayatri.S@timesgroup.com

Purchasing a home offers manifold benefits and is considered to be one of the most rewarding assets to have in one's portfolio. However, despite the many benefits, it may not be everyone's cup of tea—especially if one takes into consideration factors like job stability, finances, future prospects and familial responsibilities. In this scenario, here are the key factors to keep in mind before doing so.

WHO SHOULD BUY A HOME?

While such an investment does reap benefits, one wonders if it is a profitable proposition for every individual. In fact, as a long-term payment commitment, it might not be an affordable option for everyone. Vikram Chari, CEO of a leading proptech firm, elucidates, “As a significant financial commitment, buying a home is best suited for those with stable jobs and who are settled in their careers in a specific city. Age is no longer a restriction when buying a home—it is the certainty of one's future income that should dictate the home-buying decision. Homes are less-liquid investments than other financial instruments and have higher transaction costs making them suitable for those who are able to have a holding period of at least a few years.” He also emphasises that real estate is a more stable asset, in terms of pricing and returns, and is also a great instrument to beat inflation, making it a valuable component of one's investment portfolio.

Sahil Vora, founder of a Mumbai-based real estate platform, on the other hand, feels that buying a home is beneficial for everyone, as he ascertains, “Real estate is the largest asset class in the world and is not only safe and secure, but also ensures good returns over a period of time.”

FACTORS TO CONSIDER

According to Prashin Jhobalia, VP marketing strategy of a real estate company, buying a home is a lot easier today, thanks to the various government initiatives on offer. He says, “The existing government norms and policies make it easy for a buyer to invest in a home. A home loan can be easily secured for 80 per cent of the agreement value of the apartment from any nationalised or private bank. The presence of government subsidies in the form of reduced stamp duty (applicable for certain states only), Pradhan Mantri Awas Yojana and offers provided by developers, makes it easy to buy an apartment.”

Next, Jhobalia recommends buying a property which is close to grocery and convenience stores, commercial complexes, educational institutes and recreational facilities, among other things. This will ensure a good quality of life, wherein one can lead a healthy social life.

PLOT OR APARTMENT

Finally, when it comes to investing in real estate, one has the option of choosing between a plot of land or a flat. With respect to the latter, should one invest in an under-construction or ready-to-move-in apartment in a stand-alone building or township? Jhobalia answers, “The choice of a plot or an apartment depends on factors such as urgency to purchase a home, purpose, time of investment, and the city [location]. Further, the choice between an under-construction and a ready-to-move-in apartment depends on factors such as urgency, presence of ready properties in the market, offers available and the developer in question. While RERA has brought in transparency in transactions, a buyer may still choose a ready property from a grade A developer rather than an underconstruction property from a lesser-known developer.” One of the reasons for this is that a ready apartment offers little room for ambiguity while an under-construction apartment may not live up to the promises of the developer.

Jhobalia concludes, “A home is an ever-growing asset that can be passed on for generations. In the short term, the buyer can benefit from the regular rental income from the apartment and in the long run, one can capitalise on the growth of the location and the property. Professionals with uncertain and irregular incomes must thoroughly plan their purchases and consult a financial planner before investing.”



PHOTO: ISTOCK

Buying a home is best suited for those with stable jobs and who are settled in their careers in a specific city