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Airline, capital market models drive property sales in Bangalore



BANGALORE: City-based developers are thinking out-of-the box to market large-scale housing projects. And the strategies appear to be working.

Puravankara Projects launched its theme-based project Purva Palm Beach in Hennur through an IPO-like book building mechanism.

DivyaSree Developers is using an Air Asia-like seat pricing method to sell its inventory of over 1,400 apartments in the Republic of Whitefield project.

"We review sales on a daily basis and only revise prices of fast-selling units. The more popular a certain type of apartment or a block of apartments is, the higher will be its price," said Amit Bagaria, chairman of Asipac Group, the marketing consultant to the project.

The norm in the real estate industry is to increase the per sq ft price of a project as a whole. In Republic of Whitefield, the sales happen like the way low-cost airlines sell their front row, exit row, window and aisle seats.

In Puravankara's case, it first got expressions of interest from buyers, including their preferred price, over a period of 30 to 45 days. "Based on the expressions of interest a certain number of units were released with a specified price band. The buyer is thus assured that he is paying a price that is market-determined," said Jackbastian Nazareth, CEO, Puravankara Projects.

The traditional way is for developers to release products into the market and then react to the demand. The book building method gauges customers' interest upfront. "This not only eliminates any ambiguity, the process of sales gets an impetus," said Nazareth.

While Puravankara's customized Palm Beach IPO was oversubscribed three times, DivyaSree is setting real estate benchmarks, with over Rs 400 crore in sales in less than five months.

Giving a fillip to the marketing initiatives is the sub Rs 1 crore price tag that both projects offer, coupled with a high focus on amenities and other social offerings.

L J Hooker India ran a buyer bid campaign for a residential project Tivoli in Whitefield. "The builder set a reserve price and buyers had a fixed period to make a sealed bid. The highest bids above reserve bought the apartments," said Alexander Moore, CEO, L J Hooker India.

Pankaj Kapoor, MD of real estate research firm Liasis Foras, said developers have understood the importance of sales velocity. "They are no longer stubborn about their prices. Their strategies clearly suggest that the focus is on generating higher cash-flows," he said.

Kapoor added that Bangalore developers weren't committing the same mistakes as their counterparts in Mumbai and NCR, where most developers are sitting on piles of inventory and in turn facing stressed cash flows.

Borrowing a sales strategy

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