



Sector Watch - Property

- ◆ The RBI has asked banks to increase provisioning requirement for loans to the commercial real estate segment from 0.4% to 1%. This would increase the cost of funds for large developers. This is in addition to a probable interest rate hike in 2010.
- ◆ The RBI move may ease real estate prices in the residential sector also as higher cost of funds may intensify pressure on private unlisted developers to increase volume in order to improve liquidity position.
- ◆ Valuation of real estate stocks may continue to remain soft because of these developments and large equity issuance of around \$ 4.3 billion is in the pipeline.

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