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# PANORAMA

by ANNURAG BATRA

Editor-in-Chief

## NEW YEAR BRINGS NEW OPPORTUNITIES

The New Year is here and people are gearing up to make new promises and beginnings for 2022. The year has begun on a good note for real estate with likelihood of more project launches and a rebound in rental market. There is also an expectation of a supportive union budget 2022-23 that will continue with its subsidies for affordable housing and introduce increased FSI, and tax exemptions to boost demand.

Certainly, the upcoming budget will set the tone for the Indian economy and its growth. The need of the hour is a sustained progress to enable businesses and to accelerate job opportunities in urban and rural areas.

The United Nations World Economic Situation and Prospects (WESP) 2022 report said that India's GDP is forecast to grow at 6.5 per cent in fiscal year 2022. The challenge of high oil prices, coal shortage and a threat of third wave are the main reasons for the conservative outlook. However, Indian economic recovery is on the right path, given the steady vaccination program and supportive fiscal and monetary stances.

Real estate is the backbone of the economy supporting many other industries and the second largest employment generator. The resilience of the realty sector from the last two waves of the pandemic and its agility to adapt to changes has made it rebound from the crisis in the shortest span of time.

While, the sector is adopting new methods of business and project development, we at Realty+ too are in sync with the changing dynamics of the sector. The upcoming Realty+ Proptech, Coworking and INEX conclave and awards will highlight the new age way of workings. Let me also add, this year Realty+ will be scaling new heights with introduction of new products and events to add value to the realty industry.

I believe, Year 2022, will turn out to be an eventful year for Indian and global economy and it is time for us to make New Year resolutions that will help us achieve our goals.

May the Year 2022 bring health, happiness, and prosperity!



# FROM THE EDITOR'S DESK



Every New Year is like a new chapter to write in the book of our life. There are new hopes to see the end of the pandemic, hope of getting back to normalcy and hope of having the social life as we knew. For the real estate sector, the recovery had been uneven across segments, though the year 2021 ended with high optimism. The upcoming budget's favourable policies and incentives could be the much needed saviour for real estate.

Realty+ is keeping its hold on the pulse of the market and will continue to bring to its readers the latest sentiments of the sector and its leaders. Our new online events this year, will further add to the much needed deliberations, to chart a new path for the industry and the country.

Have a promising and fulfilling New Year!

**Sapna Srivastava**

sapna.srivastava@exchange4media.com

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## IN BOX



The real estate sector is seeing a strong comeback as sales in the top eight cities have bounced back to near pre-COVID levels. The industry is all set to witness the same trend in 2022 as well and expects the Union Budget 2022 to play a supportive role by bringing in much-needed reforms and incentives in the sector.

**Hiral Sheth Gandhi**

Director - Marketing, Sheth Creators

If there is one thing that the real estate industry is looking forward to from this budget, it is rationalising of the GST input and output scenario, as buyers are paying 5% tax on which there is no input credit available. The average input on the cost is 18% thus leading to a double whammy of taxation for business.

**Rohit Garodia**

Managing Partner, Pecan Reams

Our expectations from the budget will be related to real estate sector being awarded the infrastructure status. The investments from international institutional funds will be exempted from taxes, as they will be termed infrastructure funds. This will eventually reduce borrowing rates for the developer fraternity, which is already marred by unsold inventories and higher costs of credit.

**Navdeep Sardana**

CMD Whiteland Corporation

The pandemic has opened doors for opportunities and innovation for the consumer durables industry. People are now investing in value-based, smart and meaningful products that help them lead a healthier life.

**Parag Kulkarni**

Managing Director, A. O. Smith India

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An illustration of a man in a blue suit climbing a wooden ladder. He is holding a telescope and looking towards the right. The year '2022' is written in large, bold, blue numbers. A beam of light from the telescope illuminates the top of the ladder and the numbers.

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An illustration featuring a large yellow upward-pointing arrow. In the foreground, there is a silhouette of a person climbing a ladder. To the right, there is a large rupee symbol (₹). The background shows a cityscape with buildings.

**PRE-BUDGET**  
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# NEWS IN FOCUS

## SC RECOMMENDS FRAMING “NATIONAL MODEL BUILDER- BUYER AGREEMENT”

A bench of justices Dhananjaya Y Chandrachud and Surya Kant underscored the “helplessness” of the people, especially middle-class homebuyers, while urging the Centre to examine the pertinent provisions of RERA to consider framing a model agreement. “This issue is very important. We want a national model builder-buyer agreement to be framed by the Union government. At present, across the states, builders can put any term and exploit unwitting buyers. We want the Union to intervene instead of states having their own regulations,” the bench told solicitor general Tushar Mehta, who represented the central government.

The bench pointed out that the national model agreement should ideally contain certain standard stipulations binding on all builders. “There must be some essential terms which cannot be deviated from. which must be non-negotiable in the interest of the buyers,” the bench added. It emphasized that RERA is a central

**THE COUNTRY SHOULD HAVE A “NATIONAL MODEL BUILDER-BUYER AGREEMENT” TO ENSURE HOMEBUYERS ARE NOT LEFT AT THE MERCY OF WHIMSICAL CLAUSES INCLUDED BY REAL ESTATE DEVELOPERS IN THEIR CONTRACTS, THE SUPREME COURT IMPOLED THE UNION GOVERNMENT TO CONTEMPLATE FRAMING A STANDARD FORM HOUSING AGREEMENT.**



legislation and therefore, the central advisory committee, appointed under RERA, should consider framing the standard agreement.

The bench had issued notices to the Centre, states and Union territories and the Law Commission of India on the clutch of petitions. In its order, the court had referred to sections 41 and 42 of RERA, under which the central advisory council has been obligated to make recommendations to the Centre for framing standard rules to subserve public interest in ensuring that buyers of real estate are not exploited.

Responding to the court notice, the central government put it on the state governments to enforce the terms of any standard form agreement after notifying the rules. Under RERA, the Centre has left it to the states to frame appropriate rules within six months under Section 84 of the Act for implementing the law.

# NEWS IN FOCUS NEWS

## TAMIL NADU AAAR DENIES INPUT TAX CREDIT ON PROPERTY LEASE

**A**n Appellate Authority for Advance Ruling (AAAR) has denied input tax credit under the Goods and Services Tax (GST) framework on leasing of land and property. Most companies and hotels pay GST at 18% on lease rentals and claim credit to reduce their tax outgo. Also in many instances the leased properties are treated as owned ones and the rights are transferred when the property is sold or bought by new owners.

**THE RULING COULD RESULT IN ADDITIONAL SCRUTINY AND NOTICES FOR SEVERAL COMPANIES AND EVEN HOTELS THAT WORK ON LEASE MODELS, SAY TAX EXPERTS.**

## 67 % HNI'S PLAN TO BUY LUXURY HOME IN 2022

**A** large majority of the HNIs are proposing to buy property in the next two years reflecting a strong and decisive turnaround in the luxury real estate segment, revealed a survey conducted by India Sotheby's International Realty.

The survey elicited responses from over 200 HNIs and UHNIs across India's top 8 cities -- Delhi-NCR, Mumbai, Kolkata, Bengaluru, Hyderabad, Pune, Chennai, and

Goa. Within the choices of buying residential real estate, a city apartment continued to top the charts. The maximum response was received for a luxury city apartment or villa were for the price range of Rs 10 - 25 crore. More than 1/4th of the respondents expressed their desire to acquire a holiday home. The sweet spot of pricing for a luxury "holiday home" was between Rs 5-10 crore.

## SNIPPETS

### HRERA Technology Initiative

Haryana RERA signs MoU with Jupitice Justice Technologies to digitize complaint redressal system

### Homebuyers Entitled To Compensation for Delays

The National Consumer Disputes Redressal Commission (NCDRC) held that a homebuyer is entitled to compensation for delays up to the point they receive possession of a completed unit.

### 445 Infrastructure Projects Hit By Cost Overruns

About 445 infrastructure projects have been hit by cost overruns totalling more than Rs 4.4 lakh crore, according to Ministry of Statistics and Programme Implementation report of Dec 2021.

### Saudi Residential Real Estate Prices Up 1.7% in Q4

The real estate price index (RPI) for Saudi Arabia increased by 0.9% in the fourth quarter of 2021, mainly due to increases in residential land prices as per General Authority for Statistics (GASTAT).

### HDFC Capital Raises \$1.8-Billion for Affordable Housing

HDFC Capital Affordable Real Estate Fund-3 (H-CARE-3) is one the largest funds raised to invest in the residential real estate sector in India with investors committing in excess of USD 1.22 billion.

# NEWS IN FOCUS NEWS

## CIRCLE RATES GO UP IN GURUGRAM

**C**ircle rates are minimum government-defined prices at which the sale or transfer of a plot, built-up house, apartment, commercial property or land take place. The property cannot be registered below this price. Stamp duty and registration charges for a property are also based on this

In sectors along the SPR, the prominent ones being 58 to 65, circle rate for land has gone up by Rs 6,000 per square yard. In DLF 2, the rates have been revised from Rs 77,000 per sq yard to Rs 85,000. The sectors along Golf Course road – 27, 28, 42 and 43 – have witnessed an increase in circle rate by Rs 5,000

**THE GOVERNMENT HAS APPROVED AN INCREASE IN CIRCLE RATES FOR THE CURRENT YEAR. THE CIRCLE RATES OF COMMERCIAL SECTORS, HOWEVER, REMAINED UNCHANGED.**

per sq yard. In the new sectors along Dwarka Expressway, the circle rate has been increased to Rs 36,000 per sq yard.

Among colonies, circle rates have been increased in the 5-10% range in the Gurugram and Wazirabad

tehsils, 25% in Badshapur tehsil, and 10-15% in Manesar. Circle rates for the HSVP sectors have been hiked by 5-10% in Gurugram tehsil, 10-12% in Badshapur and 10-15% in Wazirabad.

In cooperative group housing societies, Gurugram saw the maximum hike of 66% in circle rates, followed by Manesar (38%) and 5-10% in Wazirabad. For other multi-storeyed group housing and builder floors, circle rates have seen maximum increase in Manesar (30-40%), followed by 10-20% in the Gurugram tehsil – which translates to a Rs 500 per square feet increase for flats – and 10-15% in Badshapur.

## S&P BSE REALTY INDEX GREW 204% IN APR 2020 - JAN 2022 PERIOD

**T**he S&P BSE Realty Index, an indicator of real estate companies' performance on the bourses, grew 204% between Apr 2020 and Jan 2022. As per ANAROCK Research, the market share of listed developers is rising, with their sales share of overall residential area sold across the top cities tripling from 6% in FY17 to 18% by H1 FY22.

Factors that drove residential demand include real estate buyers increasingly patronizing large,

reputed developers, and willingness to bear the implied premium or extra cost. Homeownership went from choice to necessity in the pandemic. Volatility in the prices of physical assets was negligible when compared to other investment avenues, increasing the popularity of real estate as an investment asset class. Interest rates were at a decadal low, bringing mortgage costs down significantly. Structural changes have improved the

**A LOOK AT THE PERFORMANCE OF ALL THE INDICES SINCE 1ST APRIL 2021 (COINCIDING WITH THE 2ND WAVE OF THE PANDEMIC) DEPICTS THAT THE S&P BSE REALTY INDEX HAS ONCE AGAIN HIT A HOME RUN.**

perception of the Indian real estate sector as more organized and dependable than it was half a decade ago and NRIs are once again very active on the Indian residential real estate market.

# NEWS IN FOCUS NEWS

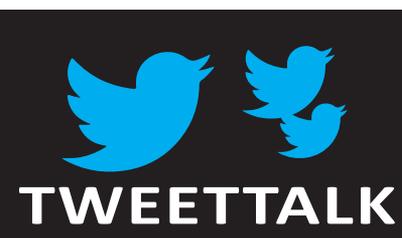
## PVC PIPE MAKERS SET FOR 35% REVENUE GROWTH

Revenue of polyvinyl chloride (PVC) pipes and fittings manufacturers will surge ~35% this fiscal, riding on higher realisations and a modest volume growth this fiscal, according to CRISIL Ratings.

Next fiscal, sustained healthy demand from government initiatives in water sanitation, and improving real estate demand will see the sector revenue grow another 7-10% despite the high base. Furthermore, operating profitability will also be healthy, despite some moderation from the peak logged last fiscal due to a surge in input prices. Healthy cash accruals and strong balance

**THIS FISCAL, OPERATING PROFITABILITY IS EXPECTED TO MODERATE TO 16-17% FROM THE PEAK OF LAST FISCAL, MAINLY DUE TO HIGHER PVC RESIN PRICES, WHICH ARE BEING PASSED ON WITH A LAG, AND HIGHER FREIGHT COSTS.**

sheets will keep credit profiles stable, notwithstanding an expected increase in capital expenditure (capex) over the current and next fiscals.



**@HardeepSPuri**

Heartiest Congratulations to Rourkela for being the only Indian city among top-15 global finalists in Bloomberg-2021 Global Mayors Challenge.

**@FinMinIndia**

The additional open market borrowing permission issued is equivalent to 0.5% of Gross State Domestic Product (GSDP) enabling the States in pushing their capital expenditure further.

**@nagpur\_nsscdcl**

NSSCDCL is glad to inform that city has been selected under street for people challenge in the list of top 11 cities.

**@PiyushGoyal**

Govt. approves infusion of ₹ 1,500 Cr in Indian Renewable Energy Development Agency Limited (IREDA). this will also help generate employment.

**@kaushikbasu**

World Bank's just-released Global Economic Prospects shows annual GDP growth for 2020-23 is: Bangladesh 4.9%, India 3.0%. Need to correct policy.

## COVER STORY



# VISIO AN INSPIR

YEAR 2022 IS SAID TO BE THE YEAR OF POSITIVE CHANGE FOR INDIAN REALTY. WITH COVID-19 BEING ACCEPTED AS A PART OF LIFE, BUSINESSES ARE GAINING BACK THEIR RHYTHM AND 2022 IS EXPECTED TO SEE A HOLISTIC GROWTH FOR INDIAN ECONOMY AND REAL ESTATE.

**By: Sapna Srivastava**

**M**oving forward from the high-spirited closing of 2021, the year ahead is full of hopes and high expectations. The much awaited budget is anticipated to usher in, GST waivers, tax benefits and speedy infrastructure development to augment real estate. The realty sector is looking towards a sustained momentum garnered last year due to policy support and financial aid, through further beneficial reforms from the government.

## NEW SHIFTS & INCLINATIONS

The learnings from the past have held the realty sector in good stead. The organizations have absorbed the disruptions and professionals have learnt to work with the changed pattern of business. Year 2022 will be see significant adoption of technology across functions, greater customer interaction, industry consolidation and increased collaboration among various stakeholders.

In terms of realty market, tier- II and III cities will provide new opportunities for expansion and growth. With growing urbanization, the metro cities peripheral areas too offer ample scope of business growth as mixed use developments and integrated residential townships are the order of the day. Housing across affordable, mid and high-end residential is seeing demand from respective customers. Joining the bandwagon are the NRIs looking at properties in India for personal use on return as well as lucrative investment.

# LOOKING AHEAD 2022: BRINGING NEW START

WHAT WILL MAKE 2022 STAND APART FROM PREVIOUS YEARS, WILL BE THE FOCUS ON CUSTOMER EXPERIENCE. TILL NOW THE REALTY INDUSTRY HAD ONLY TAKEN INTO ACCOUNT CUSTOMER SERVICE. THE SHIFT IS NOW TOWARDS CUSTOMER INTERACTION WITH THE COMPANY AND THE ENGAGEMENT WITH THE PRODUCT THROUGH ONLINE AND OFFLINE TOUCH POINTS.

## THE SIGNIFICANT ADVANCES

One worthy development that was seen last year and will continue this year will be the demand for all real estate – residential, commercial, office and industrial & logistics. The sub segments of co-working, warehousing, data parks, second homes etc. too are seeing good traction and investments are expected to continue with fervor.

Moreover, the recovering demand has also led to the clearing of ready inventory. But, the consolidation in the sector has led to fewer project launches. Owing to the factor of limited product availability, growing input costs and inflationary pressures, experts believe that a price hike of 10-15 percent is inevitable in the housing markets across India in 2022.

Governments Pradhan Mantri Awas Yojana (PMAY) supposed to be culminating in the year 2022 will ensure this financial year will remain dedicated to government efforts towards providing affordable housing. Additionally, the notable initiatives taken last year will also see coming to fruition. The Gati Shakti master plan, the Industrial

Park Rating System (IPRS) 2.0 and the development of 11 new Industrial Corridors as a part of the ongoing National Industrial Corridor Programme (NICP) will accelerate industry-led development of real estate in the coming years.

## REALTY SEGMENTS ON THE MARCH

The tectonic shifts in the preferences and behavior of property buyers, end-users and investor have led to high growth expectations for some real estate segments.

**Flex Spaces:** With hybrid offices taking center stage, flexi-workspaces and managed offices have become an integrated part of portfolio strategy for enterprises. As per industry report, flex workspaces have come to the fore after a gap of a year, to occupy a significant share in leasing at 16-18% in 2021.

Flex spaces stock in tier II cities is estimated to have grown more than two-fold in 2021 to 5.5 million sq feet. Undoubtedly, 2022 will see a complete transformation of offices into smart spaces with latest technologies and amenities.

**Luxury Residential:** Against the expectations luxury homes and vacation or second homes, picked up sales in 2021. With the remote work culture gathering pace, this segment will see further demand in 2022. The need for larger spaces and better lifestyle amenities is making people upgrade to premium homes and staycation to a weekend destination is driving people to invest in vacation homes.

**Industrial & Logistics:** Industrial segment saw investments of almost USD1 billion in 2021, led by large global investors buying ready and Greenfield warehousing projects. The investors and developers are also betting big on data centers which saw some major investments deals. As per a recent Colliers survey, industrial and logistics assets will be the most sought-after real estate assets in the APAC region, with more than 20% of investors anticipating capital value gains of 10%-20% in value-add assets in 2022.

## TECH TRENDS OF 2022

Millennial have been the largest homebuyers segment in 2021. Being digital savvy they prompted the realty firms to go the digital way. Moreover, with multifunctional use of space, smart home automation, sensors and devices found their way in developer's offerings as part of the project. The cost concerns have further turned the most reluctant of conventional developers towards advanced design & construction processes. Indeed, the rise of property technology in last two years has been exponential and the digitalization of real estate is here to stay and grow in 2022.

Monotonous Chatbots are being replaced by **Conversational AI** that makes it easy for potential customers to get answers within no time. They can simply raise queries and smart chatbots will send out the reply instantaneously. Smart chatbots store unique queries and frequently asked questions and performs the 24/7 customer services.

**Big Data and Machine Learning** are enabling real estate applications to predict information with a great deal of accuracy, in spite of the immense amount of data and information available

**Cloud-based software** has made it much easier for stakeholders to access and analyze data from anywhere in the world. Software as a service, Platform as a service, and Infrastructure as a Service are three up-and-coming service models in PropTech for 2022 and beyond.

## HEADWINDS & TAILWINDS

It remains a little early to predict the implications of the new evolving variant of COVID-19, what seems highly likely is that 2022 will go on the similar pattern as the preceding year. The same trends will continue this year as well and the sector will need to remain cautious in its approach and near term plans.

The silver lining is the preparedness of the sector, the positive sentiments among the buyers & investors and the government's determination to bring economy back on track speedily. Indian economy and real estate as its crucial part, have shown a great deal of resilience in 2021 to recover the growth pathway. Going forward, the real estate companies that will incorporate strategies to stay ahead of changes will be best positioned to reap the benefits in 2022.



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**COVER STORY**



# REALTY EXPECTATIONS & PREDICTIONS: 2022

A large, bold, blue number '2' is positioned on the left side of the page, partially overlapping the main title area.

WITH COVID INDUCED DISRUPTIONS SLOWLY SETTLING IN, THE REAL ESTATE MARKET IS EXPECTED TO GAIN BACK ITS RHYTHM IN 2022. THE RESIDENTIAL SALES ARE ALREADY WITNESSING AN UPSURGE ACROSS VARIOUS CITIES AND THE COMMERCIAL AND INDUSTRIAL REALTY SEGMENT TOO WILL HAVE A HUGE GROWTH OPPORTUNITY IN THE COMING YEARS.

In the year 2022, the Indian real estate sector is set to pivot towards different models of development and business, resetting to the new way of living. The learnings and experiences gathered from the year of 2021 presents an overall positive outlook for the upcoming year.

While attaining an industry status will continue to be the most awaited amendment for the real estate sector, some other revisions that the government should instigate during the budget 2022 to propel India's realty sector are - the introduction of a single-window clearance system for real estate project approvals & other administrative functions, authorizing REITs to invest in residential projects, relaxing provisions around investing in REITs, tax rebate on housing loans and GST waiver for under-construction properties.

Increase in FDI inflow, expanding government-backed stress funds like SWAMIH and introducing new mechanisms to ensure ease of acquiring funds for real estate projects along with incentivising both rental as well as affordable housing sectors & incentivisation of private investment in the affordable housing sector will bring cheer to the sector.

## 2022 OUTLOOK FOR EAST INDIAN REAL ESTATE

The Eastern India realty markets like Kolkata and Bhubaneswar are seeing a revival and steady growth with the adaptation of innovative digital marketing, construction technology and timely government reforms put in place.

The two percent stamp duty rebate has worked wonders

for Kolkata. The registration of mid and luxury residential property along with plotted developments has been growing rapidly. Bhubaneswar, considered a conservative market too is witnessing an increasing consumption trend with government focus on developing transportation infrastructure that is fuelling growth in this region.

According to **Basant Parekh, Managing Director, Orbit Group**, the Year 2021 was a crucial year turning into a boom for the real estate sector. "We have seen the demand for residential as well as commercial spaces increase at a phenomenal pace & the rate of interest becoming very affordable. The demand for warehousing & other related sectors has also witnessed positive growth despite Covid haunting upon us on and off. The Government has also given certain incentives and relaxations to the real estate sector by reducing stamp Duty as well as Circle rates which have given an additional thrust to the real estate sector."

**Siddarth Pansari, Director of Primarc Group** agreed, "2021 was a year that provided positivity & a promise of a better future for the real estate. The demand for better quality & bigger spaces both in residential and commercial segments carried forward the recovery process for the industry. 2021 was marked by a robust housing sector demand. Prices, which had been a constant till 2020, started seeing an upward trajectory."

Kolkata has undergone a facelift post the various social and civic Infrastructure development projects taken by KMC. **Basant Parekh** sharing his positive sentiments stated, "From 2021 we have seen the overall real estate market taking a revival path and I believe that it will continue to



**"The Union Budget 2020-21 would be a real estate friendly budget where we expect certain benefits to be extended and/or announced for the mainly affordable sector. No additional burden on Real Estate is foreseen which itself will leave a further surge in the demands,"**

**BASANT PAREKH**



**“For the first time the industry has seen an exuberant rise in prices of raw materials ranging from 10% to the north of 40%. As inventory has already been sold and as per RERA – the price hike can be passed on to the customers. This puts us developers in a very vulnerable position.”**

**SIDDARTH PANSARI**

grow further for a few years to reach its peak. Quality real estate by good brands would lead this growth story followed by other players. The neighbourhood of Kolkata is also witnessing unprecedented growth and I feel this will continue in the time to come. Orbit Group's strength has been predominantly in the luxury segment which we shall continue to focus on & at the same time we have ventured into an affordable segment for residential flats within the 'one crore' category and endeavour to upgrade the sector by adding a luxury flavor to it. We are in process of launching luxury as well as affordable Row- Houses, Bungalow projects in and around Kolkata along with certain mixed use developments in Newtown, Rajarhat & Joka.

Our thrust and focus would continue to provide quality and luxurious homes branded with our philosophy of maintaining healthy and personal relationships synonymous with our tagline 'Rishton Ki Mithaas'."

**Siddarth Pansari** added, "There is an overall demand of bigger & quality spaces because a hybrid world is here to stay. With work from home, online classes/tutorials – the need for space has increased and is here to stay. We at Primarc, strongly believe in working together with all our stakeholders, bringing progress to each one of them. Our core focus going forward will be the Residential Segment – and we intend to create a balanced portfolio of MIG, Upper MIG and luxury. We also want to work on different segments including Industrial/Logistics Park, Row Housing and Second Homes. Because of this and allied reasons, the overall outlook of the sector seems buoyant for the year 2022 with steady and consistent growth. There is now an equilibrium of demand and supply. Prices mostly will be going north because of the impending rise in cost of raw materials. We hope for a Government mechanism to control the prices of raw materials, especially steel and metals. Credai has taken up this issue with the different statutory authorities. Alternatively, there must be a mechanism, wherein we are permitted to share and or pass the burden to customers. Also we hope for continuation of the PMAY interest subsidy of Rs 2 lakh and increasing the upper limit for affordable housing definition from 45 to 75 lakhs."

## 2022 OUTLOOK FOR WEST INDIAN REAL ESTATE

The major real-estate markets of cities of Western part of the country have showed a great amount of enthusiasm with respective state governments taking proactive measures in terms of waivers and concessions to the industry.

The key real estate markets in Mumbai, Pune and Gujarat have already touched the pre-Covid levels and the year 2021 has been one of the breakthrough for the real estate industry which bounced back after showing resilience, innovation and performance and the same sales momentum will continue in the year 2022. Renewed buyer confidence, reduced home loan rates and incentives offered by the developers will be instrumental in 2022 in supporting the realty market recovery.

**Dr. Niranjan Hiranandani, Vice Chairman National-NAREDCO, and MD Hiranandani Group** sharing his thoughts said, "In the transition from the year 2021 to 2022, there has been a quick turnaround - from 'revival' in



**“Industry and Homebuyers are optimistic with a budget wish list that will augur demand creation, favourable investment climate, enhance liquidity funnel and rationalization of taxes. It also pegs hopes on measures that will optimize affordable and rental housing spectrum to meet the goal of Housing for All.”**

**DR. NIRANJANI HIRANANDANI**

2020 to ‘record-break recovery’ in 2021. Indian real estate has shown surprising resiliency post pandemic shock waves, boost in sectoral growth is anticipated with innate demand for housing, uptick in Warehousing and Data centers demand pan India and rising GDP growth will infuse fresh lease in beleaguered commercial real estate segment for the year 2022.”

Summarizing the year 2021 for the sector **Deepak Goradia - Vice Chairman and Managing Director, Dosti Realty** expressed, “In the year 2021, the real estate sector with policy support, low home loan interest rates and attractive opportunities, witnessed an upward trajectory owing to the pent-up demand. We also saw how homebuyers’ requirements evolved due to the impact of the pandemic. As work from home and online education became the norm, the need for well-planned/designed homes, amenities, and open activity areas increased significantly. All in all, the past year saw an increasing number of fence-sitters turning into home buyers. There was a mix of first-time home owners, those upgrading to larger spaces and people investing in a second home. The government had been extremely supportive in understanding the issues faced by the developers and backing the industry through a policy framework, stamp duty rate cuts, etc.”

While the pandemic initially impacted realty, we saw a significant recovery in 2021, **Vishal Jumani, Managing Director, Supreme Universal** concurred that while the

pandemic initially impacted realty, it saw a significant recovery in 2021, with home sales reportedly rising 71% YoY, and MMR at the top with 76,400 units sold. “People recognised the value of not just homeownership, but also larger spaces that promoted privacy and wellbeing. Pent-up demand, low home loan rates, and stamp duty concessions encouraged buying. Ready inventory was in demand, but under-construction property from Grade A developers also drove the market. The office market saw dramatic changes too, with employers seeking safe, hygienic workspaces and exploring hybrid models of working, and hub-and-spoke



formats. IT continues to propel the office market; one report I read said it accounted for 49.2% share of leasing in 2021. Greater transparency and sophisticated digital marketing have also led to customer confidence and ease of buying. While we will continue to focus on premium properties across both Mumbai and Pune, which are seeing greater demand, we will also explore new micro-markets and formats like plotted developments and villa properties," he said.

Mumbai developers are optimistic that real estate industry in MMR is going to improve further in 2022 considering the velocity witnessed in 2021. As per **Dr. Niranjan Hiranandani**, outlook for Hiranandani Group continues to follow its growth trajectory with healthy traction and effective demand momentum across segments and geographies. "The company has surpassed previous high records in registering sales performance and future pipeline exhibits robust performance with plans, finances, and execution capabilities already in place. The company growth strategies for 2022 are largely about expanding the portfolio in residential, commercial, high street retail and logistics with grade A assets in hub and spoke locations like Thane and Panvel, among others."

**Deepak Goradia** expressing optimism said, "We envisage that new launches in the city will rebound sharply owing to demand for residential homes as well as the recent government order on the flamingo issue. With over 6 million sq. ft. of projects under construction, Dosti Realty's strategy for the next year is to foray into different development avenues as well as cities eg Pune. The vision is to have a diversified portfolio that caters to the affordable, mid income and luxury segments as well as provide



**"India has been ranked as the fifth-largest recipient of Foreign Direct Investment, and Indian REITs have proved resilient during the pandemic, gaining in popularity. With money returning to financial institutions and turning to the real estate industry, I am confident that this will fuel growth."**

**VISHAL JUMANI**

**"The trend of homebuyers seeking homes in localities with access to better healthcare services, security, and open spaces is going to continue and will be the driving force behind rapid sales. Also overall in 2022 the demand for commercial spaces may increase as offices are expected to resume."**

**DEEPAK GORADIA**

supporting social infra to our large scale projects in the form of shopping, schools, commercial/IT premises etc. The upcoming Union Budget is an opportunity in the hands of the Government to boost the savings and for the benefits of the Home buyer, we would request the Government to increase the exemption limit under Section 24 from current Rs 2 lakhs to 5 lakhs, Removing Home loan principal repayment from 80 C into new section for additional deduction, Reduction for long term capital gains on sale of house property to 10%, Introduction of 80 IA related to increased investment in IT Parks and Infrastructure etc. These moves will create more income in the hands of the home buyer and enable to purchase his own dream home."

Mumbai and Pune have been top-performing real estate markets, contributing to almost 50% of home sales in India and **Vishal Jamani** is confident of the growth of these cities. “Both are hubs of economic activity, with diverse business interests and IT strengths. Maharashtra is also the first to have successfully implemented Real Estate Regulatory Authority (RERA), boosting buyer confidence. Launches by reputed developers and improved infrastructure and connectivity are also growth drivers here. I believe that as travel restrictions ease, more NRIs will seek property in these cities. While the government has recognised that real estate is a key economic driver and has offered support through incentives such as reduced premiums on development in Maharashtra, a great deal needs to be done. Industry status for the sector, for instance, is vital. Apart from making low-cost credit



**“Delhi NCR has always been one of India’s most influential real estate markets & it will continue to dominate the charts in 2022 as well. The region strengthened its presence by providing exceptional ROI & future security.”**

**PRASHANT SOLOMON**

available, this will lead to jobs and business opportunities. The government should also consider a reduction in GST for commercial spaces from the current 12% and a GST waiver for residential real estate. Currently, homebuyers can avail of a deduction from their total income up to a maximum of Rs 2 lakh under Section 24. This should be revised and increased to build healthy demand.”

## 2022 OUTLOOK FOR NORTH INDIAN REAL ESTATE

The Delhi NCR real estate market is getting back on track, and buyers and investors are regaining faith in the market's ability to grow. During the fourth quarter of 2021, 2,708 residential units were launched in Delhi NCR. The forthcoming quarter is expected to see several long-awaited housing projects by prominent developers in Delhi, Noida, Gurugram and even Chandigarh, Mohali and Jaipur. In terms of office space, Delhi NCR is the most dominant region and it has recently witnessed enormous commercial realty expansion. It is also one of India's major cities with a high demand for data centre real estate space, and tier 2 towns like Jaipur may soon follow suit.

“Despite the volatility, 2021, was a pivotal year for the growth of Indian Real Estate as it paved the way for an evolved and resilient sector driven by increased adoption of disruptive models & new-age technologies,” elaborated **Prashant Solomon, Managing Director, Chintels India & the Hon. Treasurer, CREDAI NCR.** He added, “Policy

**“The market sentiment in real estate is much more positive this year when compared to the two pandemic years gone by. Owning a home is the best possible bet in present times due to the long term capital appreciation. Amid the third wave, this is the perfect time to provide industry status to the real estate sector.”**

**DEEPAK KAPOOR**

Interventions and initiatives by the government such as lowering of repo rate, tax holidays for affordable housing projects, and stamp duty concessions among others helped the industry stay resilient.”

**Deepak Kapoor, Director, Gulshan Group** added, “The year 2021 was dedicated to a rapid recovery, with only positive news for the sector coming in. We’ve seen more sales of larger homes as everyone understood the need for more space. Larger homes in projects that could cater to the residents’ well-being were in high demand, just as they were following the first wave. The year 2022 will give the sector the much-needed boost it has waited and worked so diligently. We too are diversifying our portfolio by entering the commercial and retail sectors. By 2023, we hope to complete five million square feet of construction, including 9.5 lakh square feet of luxury homes and 4.75 lakh square feet of commercial space.”

**Vipin Modi, Director Sales, SAYA Homes** believes that the year 2021 had been challenging for every individual and organization and it has rewind the growth by almost a decade. “The Indian real estate industry is one of the most impacted pillars of the economy, which runs on a high cost machinery and with passage of time, losses keep mounting. But as the pandemic curb got controlled, we decided to bounce back with jet speed and hence opted new horizons of business like, non-metropolitan cities and neighbourhood commercial spaces to attract aspiring entrepreneurs. We decided to align our business approach with the national agenda of promoting start-ups or self-sustainability and our projects are getting overwhelming responses. Recently,



**“There is a forecast of robust revival in housing demand this year and we also anticipate a favourable and enabling Union Budget this year focussing on a few key tax benefits, ease of liquidity, GST exemptions, and raw material price reductions. It is the right time to provide industrial status to the real estate sector so that it may access lower-cost credit facilities from banks.”**

**VIPIN MODI**

our landmark project Saya Gold Avenue got clearance on allegations from the High Court,” he shared.

Expressing his outlook for the year 2022, **Prashant Solomon** said, “The region’s ability to provide a well-developed ecosystem consisting of all necessities from renowned educational institutes to best in class hotels & restaurants have also helped to further strengthen the region’s presence as one of the most fertile realty hotspots across the country. For the year 2022, our focus will be on commercial projects & we expect to maintain a steady policy of growth.”

**Deepak Kapoor** expressed that the numerous subsidies offered under government policies have greatly helped in the recovery of the real estate market, but other variables, such as the real estate sector's industry status, require attention to produce a substantial impact in the market. He said, "We expect the Finance Minister to include stamp duty in the real estate sector as part of the GST and rationalize it. It would also be ideal if the GST for construction goods such as cement was changed to make them more affordable. Industry expects an increase in the limit of tax deduction given to home loan borrowers to Rs 5 lakhs and also increase in the limits of affordable housing."

## 2022 OUTLOOK FOR SOUTH INDIAN REAL ESTATE

Chennai, Bengaluru, and Hyderabad are important property markets in South India. Between 2019 and Q3 2021, these three cities accounted for 30% of all real estate sales in India. These locations will continue to be the most popular real estate destinations in 2022.

In 2022, Chennai, Hyderabad and Bengaluru are also predicted to be larger marketplaces for commercial segments including warehousing and industrial parks. Owing to increased demand for space from IT occupiers and higher pre-commitment levels in some future developments, office space rental growth is expected in the commercial sector by H2 2022.

**Bijay Agarwal, Managing Director, Sattva Group** shared that there were several lifestyle changes amongst buyers that occurred as a consequence of the pandemic and acted as catalysts for peak in demand for affordable housing and ready to move-in apartments and residential properties, in Tier 2 and 3 cities. "The pandemic accelerated the demand on the industrial front, particularly for warehouses, data centers, and distribution centers. This trend opened new pathways for the sector to grow, in the coming years. Sattva Group has diversified, sensing opportunities in new asset classes by venturing into co-living (student housing, young professional housing, etc), co-working and data centres.

Expressing similar views, **Ashish R. Puravankara, Managing Director, Puravankara Limited** stated, "In 2021, the overall performance of the Indian residential real estate market displayed a clear upward trend. The luxury and ultra-luxury category especially saw tremendous demand. The homebuyers in this segment were quick to take advantage of the current favourable market conditions, viz., reduced stamp duties and decadal low-interest

rates. The desire for quicker possession also encouraged traction in Ready-To-Move-In properties. With proximity to work no longer being a dominant factor, there was an increased preference for spacious homes tucked away in the suburbs and offered a greater connection with nature. A homebuyer's wishlist now includes high-end amenities, multifunctional spaces and a flexible layout. Plotted developments, villas, farmhouses, and second homes were also in high demand."

Talking about the company strategies for the year, **Bijay Agarwal** said, "The vision for the future is to replicate our success to a wider marketplace, serving a much larger



**"The pandemic ignited a new era of development for the real estate sector, with an increased focus on digitization, to meet the growing market demand. The industry transitioned by implementing new methods and adapting, innovation, and digital transformation to change the way we live and work."**

**BIJAY AGARWAL**



**“Overall, 2022 will see a significant shift in customer buying patterns and homeowner aspirations. As the home buying process becomes increasingly digitised, customers will strongly prefer branded and reliable developers who can anticipate their needs and offer tailor-made solutions.”**

**ASHISH R. PURAVANKARA**

number of customers. In the last three years, we diversified sensing opportunities in new asset classes by venturing into co-living, co-working, warehousing, and also data centres. In our data center portfolio, we have completed over 140 MW worth of projects comprising of 2 data centres, one in Mumbai and the other in Bengaluru, and have plans to enter Chennai and Pune markets. Furthermore, this year we have also entered into the affordable housing segment and have 3 new launches planned in this category in Bangalore. Our growth strategy for the year remains to put up a well-balanced offering for our consumers and deliver differentiated projects in the residential and commercial space.”

**Ashish R. Puravankara** added that the South Indian real estate market has been a growth engine for the Indian real estate sector and will continue to lead the real estate recovery in 2022. “We are confident that the robust momentum in the residential markets will continue in the coming years. Moreover, Bengaluru and Hyderabad have been the fastest-growing metropolises to have witnessed a boom in demand for office space and quality homes in the cities. Large MNC offices and the booming start up ecosystem have led to talent migration from across the country (to these cities). This has, in turn, spiked demand for quality residential projects with value-adding amenities. We plan to develop over 14 million square feet this year. The development will be spread across three of our

brands, i.e. 5 million square feet, will be launched under Puravankara Limited, which caters to premium and luxury projects. Another 5 million square feet will be launched under Provident Housing Limited, our brand catering to the affordable housing segment. We will also develop 4 million square feet under our brand Purva Land, our plotted development arm. The launches will be across 9 cities, these being Mumbai, Pune, Chennai, Bangalore, Kochi, Hyderabad, Mangalore, Coimbatore and Goa.”

As per **Bijay Agarwal**, 2022 will be the year of growth and resurgence for the real estate industry that will be led by the high office demand across leading markets in South India. In addition to this, momentum for e-commerce, logistics, data centres, and warehousing, will add balance to this growth. Co-working and co-living will also see increasing demand and soon become a first choice for a lot of tenants and migratory population. The expanding IT parks and growing manufacturing, biotech, pharmaceutical, and automobile industries, are some of the key factors that will drive the growth of re The government must acknowledge the important role played by the sector and make deep policy reforms to accelerate growth, in realty demand. It is expected that the Union Budget 2022, will play a supportive and enabling role. Overall, we are very positive about the budget and that the government and regulators will continue to provide fiscal and monetary support to the industry. We hope for positive-looking



policies, there-by enabling better recovery and further growth of the industry.al estate investments in the South.”

For the upcoming 2022-23 Union Budget, **Ashish R. Puravankara** is hopeful to see an increase in the limit of home loan interest deduction for a tax rebate from the current ceiling of Rs. 2 lakh to at least Rs.5 lakh. “Our expectations include - a revised definition of affordable housing, new rental housing provisions, and a reduction in long-term capital gains tax for real estate. A tax exemption for Real Estate Investment Trusts (REITs) investments starting at Rs 50,000 will be a welcome change. This should be carried out while allowing tax-neutral consolidation of businesses through mergers or amalgamation to help homebuyers (especially in the affordable segment). We expect the upcoming budget to give the much-needed impetus to infrastructure development, which will be especially beneficial for the housing market. We are also optimistic about the RE sector receiving an industry status. This will help organise the sector and enable developers to access loans at lower rates.”

Sharing his hopes from the upcoming budget, **Bijay Agarwal** stated. “Few key relaxations in taxes to boost the real estate sector and rise in FDI inflow are among some of the expectations from the Budget this year. A multi-dimensional approach focused on availability of improved & low-cost credit, through priority sector lending. Holistically, the current industry scenario has made real estate development costlier, and it is challenging to manage the cost and the funding thereof, from time to time. Hence, few changes in GST become imperative for creating a positive impact on all real estate asset classes. The mandatory changes expected from Budget 2022 is: waiving of GST on

Transfer Development Rights (TDRs) (both government allotted and privately purchased) and Joint Development Agreements (JDAs), new provisions for encouraging rental housing, ease of taxation and cost definitions in affordable housing, single-window clearances, input tax GST credit for Commercial real estate and additional interest rate deduction on home loans. We are also hoping to see some relaxations in provisions for REITs in commercial real-estate and reduction of income tax burden on long-term capital gains. Furthermore, granting infrastructure status to the real estate sector – as this will help build liquidity in the industry and decide supply-side costs.”

## WHAT LIES IN STORE

The year 2022 has once again started with uncertainties over the impact of new variant of Covid on economy. However, the real estate segment has seen rekindled demand. For it to sustain its gradual recovery, it will need the government’s consistent support through policy initiatives and ease of doing business.

As the developers’ from across the country have expressed, with the learnings of the last two years the sector is well-prepared for the future and hope to jump-start 2022 on a high note with steady revival and positive future growth.

The forecasts for the year predict it to be an exciting year with the recent volatility in the stock market, as well as the currency benefit of the rupee-dollar exchange rate, making real estate attractive for both domestic and NRIs buyers as well as investors. Real estate experts see 2022 as a period of transformation with even more investments in technology and digital channels and attracting of foreign moolah.



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# INDIAN ECONOMY IN THE LIGHT WITH OVERCAST SKIES

INDIA'S ECONOMY IS POISED TO ACCELERATE IN THE NEXT TWO YEARS, BUT RISKS TO SUSTAINED GROWTH REMAIN. ALL EYES ARE NOW ON THE UPCOMING BUDGET TO ADDRESS THEM.

**Dr. Rumki Majumdar**, Associate Director & Economist, Deloitte India

**T**here is probably lesser need for a stimulus package from the government. Besides, the government would like to build its capacity to respond to future adversities in case they arise. It would like to have the flexibility to use fiscal policy to support the economy without triggering financial imbalance and fear among investors.

Sector-wise analysis suggests that manufacturing and construction have fared well and seen a sustained rebound thanks to reduced mobility restrictions and pick-up in demand. Revival in the services sector has remained modest.

## WHAT WILL CONTRIBUTE TO THE RAPID BOUNCE?

Accelerated rates of vaccination and substantially reduced mobility restrictions have improved consumer confidence. That said, the possibility of newer variants of the virus reducing the efficacy of vaccines remains significant.

The higher-income households that have been relatively less affected by the pandemic are yearning to get back to normalcy. There is a burst of pent-up spending as people are beginning to travel and return to movie theatres, hotels, and restaurants. Once

demand kicks in from one section of the population, it will likely result in a virtuous cycle as businesses will have to ramp up spending (in labour and capital) to meet the demand, boosting employment. Rural demand will continue to hold up in the meantime as sentiments improve.

The pandemic has increased the pace of digitization and this trend is likely to continue and will aid in improving the efficiency and productivity of labour and capital. Telecommuting, e-commerce, hybrid workplaces, and digitization are expected to evolve rapidly.

## MIND THE RISKS

**A surge in infections:** One of the biggest concerns is the possible surge in infections and the consequent return of mobility restrictions. Several Indian states are imposing local restrictions, but the impact on mobility has been limited so far.

**Inflation:** We expect prices to rise rapidly over the next two years. We also expect demand for goods to rise faster than services. Domestic investments in India have been low for over a year now. This may have dented the ability of businesses to ramp up production to meet the surge in demand, triggering demand-pull inflation.

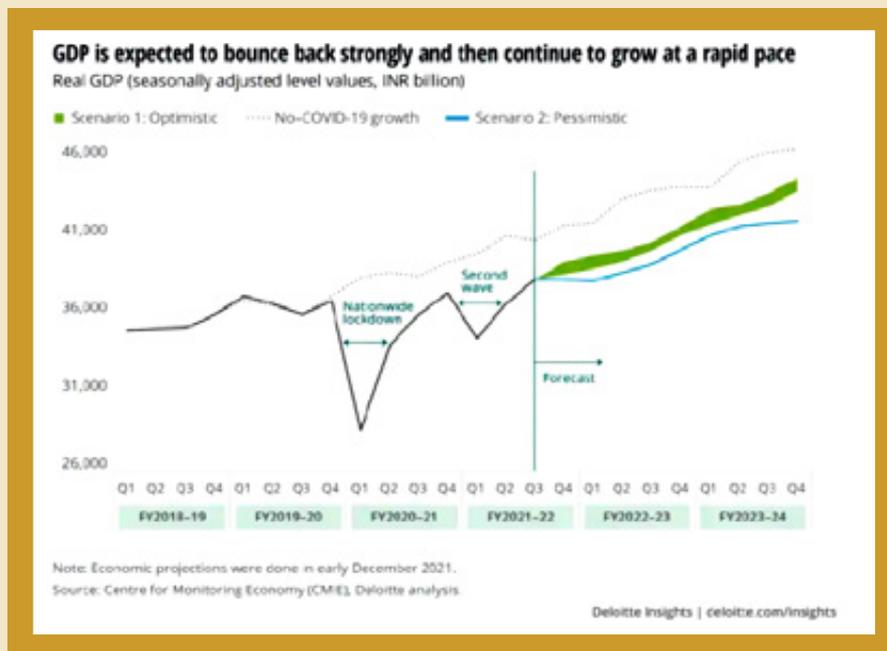
### Labour market conundrum:

The pandemic has created a highly fragmented job market. According to a report by the Centre for Monitoring Indian Economy (CMIE), demand for IT and ITeS professionals from larger companies is on the rise with wages seeing a double-digit growth, up nearly 25% in recent months. However, this segment of the working population accounts for only 0.5% of the total employed population.

### Global supply chain disruptions:

The ebb and flow of the pandemic will result in shortages of critical components and increased travel costs at least till the next year. Crude oil prices have been steadily rising and high commodity prices will put pressure on production costs, which will feed into inflation.

**Depreciation of the Indian rupee:** Risks of capital outflows after the asset-purchase tapering in the United States and possible reversal of monetary policy stance could result in depreciation of the Indian rupee but,



**The government will likely focus on consolidating its fiscal balance to build its firepower should growth drivers fail to sustain the momentum in the future.**

India is probably better prepared to handle such pressures.

## WHAT TO EXPECT FROM THE BUDGET

The government must focus on capital investment on physical infrastructure, skill-building, and improving public health and other social infrastructure. These expenses should be financed through sustained

monetization of assets and attracting investments. Well-executed projects, such as the construction of national highways, have demonstrated a strong ability to attract investments from global and domestic institutional investors.

The other area of focus must be enabling the ecosystem around job, income, and demand creation. India is a domestic demand-driven economy and needs demand to sustainably pick up for a strong recovery. Since MSMEs are India's largest job creators, the government will have to identify their pain areas.

The government must focus on short- as well as long-term measures to boost exports and encourage foreign direct investment in sectors where India has a competitive advantage. The upcoming budget will need to support the economy, specifically in a few badly affected sectors.

UNDOUBTEDLY, THE INDIAN ECONOMY HAS RECOVERED FASTER AFTER HAVING RECORDED THE DEEPEST GDP CONTRACTION OF 7.3% IN FY21. ALTHOUGH THE RESURGENCE OF COVID-19 AND THE EMERGENCE OF NEWER VARIANTS CONTINUES TO POSE RISKS, EXPECTATIONS THAT OMICRON MAY TURN OUT TO BE MORE OF A FLASH FLOOD THAN A WAVE HAVE BRIGHTENED THE NEAR-TERM PROSPECTS.

In an environment, where several sectors of the economy are still functioning below potential, preparing the budget is, by no means, an easy task. To restore consumer confidence, which was severely dented by the pandemic waves, and to sustain the growth recovery, the Budget is expected to provide support through various measures. It will also have to give clear policy signals towards fast-tracking economic revival

### URBAN DEVELOPMENT

As planned, the Pradhan Mantri Awas Yojana – Urban, Housing for all 2022, is coming to an end in this fiscal, and the government would provide an extension due to the ongoing covid-19 pandemic. To inhibit the recurrence of a future pandemic-precipitated reverse migration crisis as in FY20 and FY21, the Ministry of Housing and Urban Affairs (MoHUA) introduced Affordable Rental Housing Complexes (ARHCs) in July 2020. BWR expects the budget allocation towards ARHCs in FY23 to continue in order to incentivise private sector participation.

It is expected that the allocation towards the Jal Jeevan Mission (Urban) will continue at similar levels as in FY22 for all the 4,378 Urban Local Bodies (ULBs) with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities.

# INFRA WHA

The allocation towards the Swachh Bharat Mission 2.0 too is expected to be at similar levels to those in FY22, of Rs. 2300 crore, which enables ameliorating the problems of cleanliness in India by managing the solid waste and water waste. The allocation towards resolving the burgeoning problem of air pollution is expected continue during the upcoming Union Budget.

### ENHANCING INFRASTRUCTURAL CONNECTIVITY

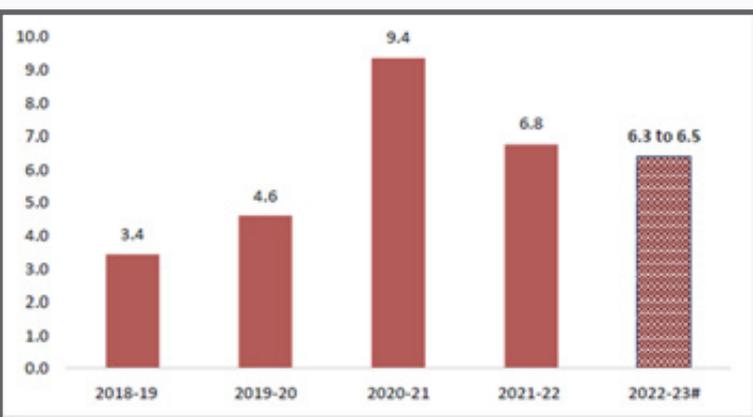
Union Budget 2022-23 is expected to focus on bettering road connectivity in remote and tough terrains and an integrated multi-modal national network of transportation and logistics. Given the success of the first InvIT floated by the NHAI in which the NHAI has been able to attract investments from two international pension funds, the budget is expected to announce more InvITs, with the NHAI as the sponsor, to raise funds for the sector.

**Government is expected to announce further fund infusion in National Investment and Infrastructure Fund (NIIF) and National Bank for Financing Infrastructure and Development (NabFID) to bridge the funding gap in infrastructure space**

# STRUCTURE SECTOR

# WHAT TO EXPECT

## FISCAL DEFICIT AS PERCENTAGE OF GDP



#Advance Estimates, \* Provisional Estimates.

Source: CSO, BWR Research

In FY22, the NHAI monetised 390 km under the InvIT mode, and an additional length of 450 km has also been bid out through the Toll Operate Transfer (TOT) mode in three bundles. BWR expects that Union Budget 2022-23 is likely to monetise more public roads with special focus on highways and expressways.

In fiscal 2021, national highways of 13,505 km had been constructed, i.e. 37 km of roads a day. In H1FY22, the pace was around 21.8 kms per day. BWR expects the MoRTH to improve the pace of execution to 40 km per day for FY23.

Speedy implementation of reforms such as the digitisation of various systems under one common platform, transparency and clarity of work, reduction of transaction time and costs, no more wasteful duplication of documents

and adopting biometric systems under the Sagarmala Programme, which will improve efficiency in port operations

Upgradation/privatisation of existing airports and setting-up new airports will be a focus area for the government. Furthermore, attention on improving regional connectivity through its Regional Connectivity Scheme or UDAN (Ude Desh ka Aam Nagrik) would ensure the sector encompasses a higher number of potential users.

The capital expenditure allocation towards the railways is expected to increase up to Rs. 1.20 lakh crore during FY23 as against last year's budgeted amount of Rs.1.07 lakh crore. Union Budget 2022-23 is expected to layout the framework of the merger of six PSUs recommended earlier this FY.

An announcement on strengthening the metro rail network is also expected. In addition, the new MetroLite and MetroNeo technology announced during FY22 will continue to enhance the experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

*Courtesy: Brickwork Ratings*

**As infrastructure development is one of the key focus areas, some significant announcements for the infrastructure sector are highly likely in Union Budget 2022-23.**

# DO WE HAVE A POPULIST BUDGET AT HAND?

THE ELECTIONS IN FIVE STATES ARE ROUND THE CORNER AND THEY COULD BE ONE OF THE DETERMINING FACTORS SHAPING THE UPCOMING UNION BUDGET.

By: Sapna Srivastava

**T**he biggest sufferer of the covid pandemic and its fallouts has been the informal sector that employs about 80% of India's labour force and produces 50% of its GDP. Sectors such as trade, hotels and transportation

account for around 12% of India's GDP and employ 64% of the informal workforce. Much ground remains to be covered in offering financial protection to these stressed sectors.

Given the soon approaching elections in UP, Punjab,



Uttarakhand, Goa and Manipur, it is believed the budget will tip towards rural economy which is already in a frail condition. Job creation will be another major focus area in the budget. A sustained effort towards availability of microcredit for informal employers and lowering its cost, will be the right way to go.

Not an easy task, it definitely is going to be a tightrope for the government to meet the expectations of different stakeholders. The predicted skew towards framing the budget with an eye on the election, we might be seeing higher allocation of resources to agriculture and water and power in rural segments.

As per economists to boost economic recovery, higher allocations should be towards capital spending and tax sops to increase private investment. According to Nomura's Sonal Varma and Aurodeep Nandi statement as there is still no indication of a sustained capex up cycle, the current growth phase is unlikely to be durable. Most economists have suggested higher public capital spending by the Centre in view of the restrained private investment in the present scenario.

There are also speculations on additional taxes being introduced to augment tax revenues. However, the State Bank of India (SBI) pre-Budget note has cautioned the government against imposing new taxes like wealth tax at this point as it could do more harm than benefit. State Bank of India economists have urged the Centre to not focus much on fiscal consolidation in the upcoming Budget 2022-23 as there is a need for more stabilisation measures to sustain economic recovery.

## WHAT THE ECONOMISTS SAY

Most financial observers are of the view that current economic recovery seen has not been broad-based and the private investments have been subdued barring a few sectors. As per SBI chief economist Soumya Kanti Ghosh,

**While meeting fiscal target and the countering the Omicron impact on the economy, elections are bound to play an important role in framing the budget. The cue for the same can be found in the statement by economist and former chief statistician of India Pronab Sen, "I guess there would be a lot of promises in this budget."**

the Union Budget should not correct fiscal deficit by over 30-40 basis points as most sectors still need support.

The economists also suggest goods and services tax (GST) reduction for a limited period and subsidised credit to small and medium enterprises (SMEs). CRISIL Chief Economist DK Joshi in a media interview had

stated, "The forthcoming budget will need to continue pressing the pedal hard on infrastructure-focused capital expenditure as the private corporate investment cycle is yet to turn decisively."

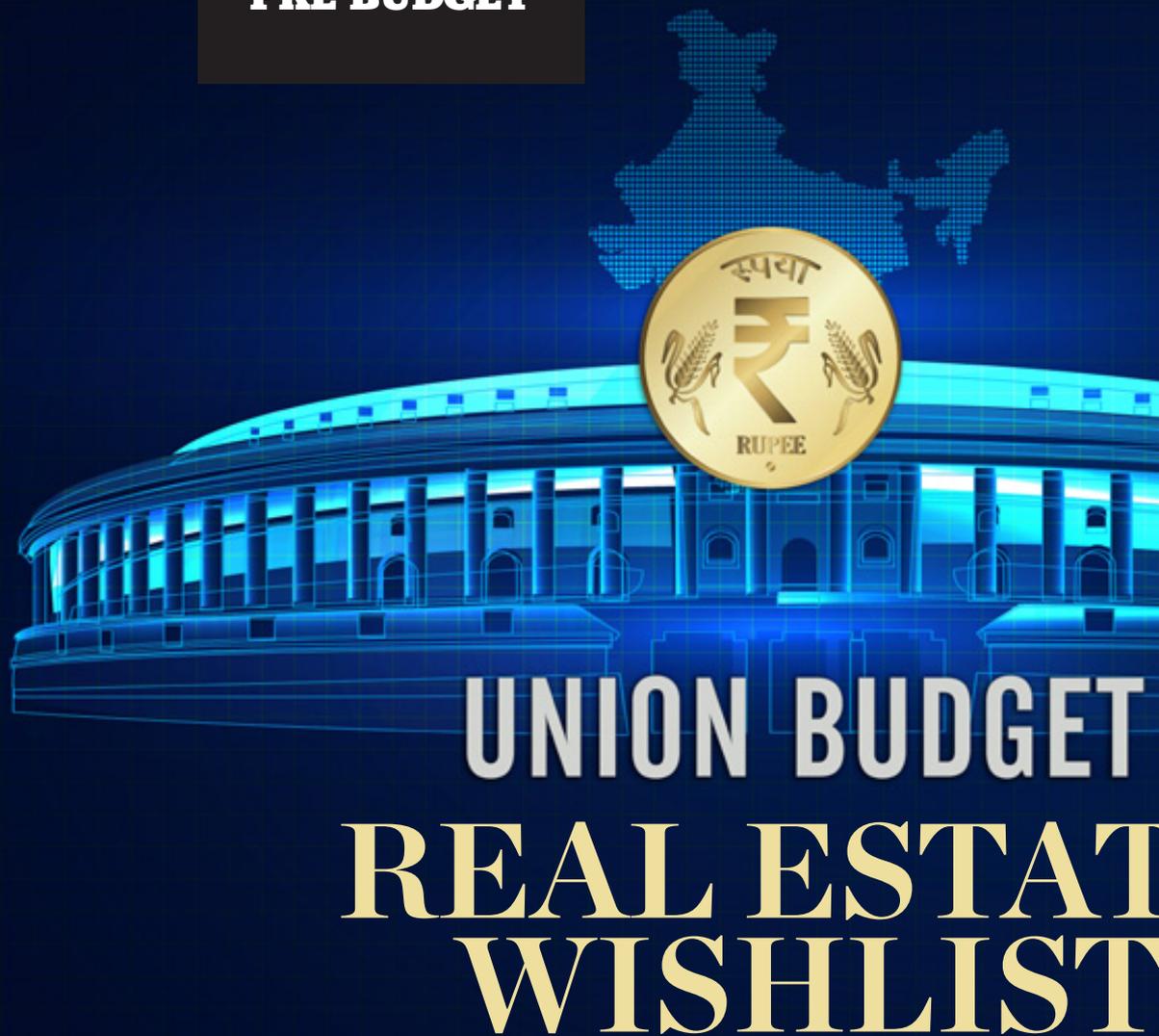
ICRA Chief Economist Aditi Nayar has proposed capital spending and frontloading transfers to states to counteract the adverse impact of the third wave on contact intensive services. Radhika Rao, Senior Economist at DBS Bank had expressed, "The quantum of support for pandemic-specific programs might be rolled back to make room for higher capex spends and consolidate the book." Similar sentiments were shared by Morgan Stanley economists expecting policymakers to favour a gradual consolidation premised on continued tax buoyancy and reduction in pandemic-related revenue spending.

## INFERENCES & PREDICTIONS

According to Motilal Oswal Financial Services, the agriculture sector's terms of trade are at their weakest and need an impetus. MSMEs that were adversely hit by demonetisation of 2016 and the following GST roll-out have been further devastated by the pandemic and are looking towards the government for the breather.

The upcoming budget will need to target creating a robust capital market for foreign fund flow and on disinvestments to lower fiscal deficit. The 2022 Budget's focus will be very much on the rural economy, revival of private investment and job creation. And between all the considerations, elections could have an upper hand, making it a populist budget.

## PRE BUDGET



# UNION BUDGET REAL ESTATE WISHLIST

ECONOMISTS ARE PROJECTING A GDP GROWTH OF 9.2% FOR FY 22 EVEN THOUGH THE OMICRON THREAT LOOMS LARGE, THE TAXPAYERS ARE HOPEFUL OF TAX RATE DEDUCTIONS, AND INDUSTRIES AND BUSINESSES ARE ANTICIPATING FISCAL SUPPORT AND INCENTIVES. THE REAL ESTATE EXPERTS SHARE THEIR DESIRES AND EXPECTATIONS FOR THE SECTOR.

**By: Sapna Srivastava**

India is a domestic demand-driven economy and a consumption-led growth is an expectation from the upcoming budget. However, the challenge facing the government will be enhancing production and curbing inflation in the face of high crude oil prices, supply chain

disruption and shortage of raw materials.

As per report by Deloitte India, the government would like to build its capacity to respond to future adversities in case they arise. It would like to have the flexibility to use fiscal policy to support the economy

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## UNEMPLOYMENT

without triggering financial imbalance and fear among investors. According to KPMG on the fiscal front, the government's ability to further pump-prime the economy will hinge on its capacity to find additional revenue sources, while balancing its expenses.

To gauge the market sentiments and better understand the expectations from Union Budget 2022, Grant Thornton Bharat conducted a pre-budget real estate and infrastructure sector survey. The survey results convey an expectation of government intervention via concessions and incentives in several key areas of the real estate industry



**Radha Dhir**

such as incentives aimed at rental housing, co-working spaces and concessions to achieve housing-for-all.

A whopping expectation across the sector, is for an increase in the limit for tax exemption on housing loan interests to boost the consumption, considering the average ticket size of the loans in urban and corresponding areas have higher annual interest.

For real estate, the fiscal incentives & waivers expectations as summarized by **Radha Dhir, CEO & Country Head, India, JLL** include, Increased allocation for SWAMIH fund, 'Industry status' to the real estate sector, 100% FDI in completed residential real estate projects through the automatic route Separate provision for deduction of 'principal repayment' on home loans up to INR 2 lakh, Removal of restriction on setting off the loss from house property against other heads of income, Increased limit on interest deduction under section 24(B) for tax rebate, Extension of benefit u/s 80EEA to avail additional INR 150,000 interest deduction on home loans for first-time homebuyers, Tax deduction on profits from affordable housing projects to be extended until March 2024 u/s 80IBA and Extension of Credit Linked Subsidy Scheme (CLSS).

She also mentions Fiscal incentives for net-zero buildings, Special tax status for data centre parks, Reduction in holding period of REITs for long-term capital gains, Allowing input tax credit on the calculation of GST payable in real estate, A special authority for monetisation of surplus land by Government companies / public sector enterprises

According to **Amit Goenka, MD & CEO, Nisus Finance**, it is expected that Budget 2022 will be in favour of real estate. "There will be some relaxations in taxes and some waiver on GSTs on the materials. Real Estate is one important aspect to build up the economy of India contributing around 8% of GDP. Major developers and real estate players are looking forward for positive support from the government. Slow economic and hugely affected by the pandemic and stagnant prices of the property, real estate developers are hoping for a fortune from this year's budget," he said.

**Ashish Joshi, Founder & CEO, Landmark Capital** shared the steps required, "To increase demand and investments into real estate sector, deduction on principal repayment of home loans u/s 80C should be increased. Increase in tax set-off amount on interest on housing loan from existing 2 lakhs to 4 lakhs, will help boost demand especially in the affordable housing categories. Furthermore, for the first-time homebuyers in affordable segment, government should extend the



**Amit Goenka**

**There is an optimism that the government is likely to provide sops for the affordable housing sector and its flagship scheme PMAY including 15-20 per cent higher fiscal support.**

benefit of additional interest deduction on home loans. Currently the exemption is only till March 2022. LTCG on sale of house property should be taxed at reduced rate of 10%. To attract foreign investors, tax on interest income should be reduced, this will help accelerate capital inflows to India. From GST perspective, we expect waiver on GST rates for under construction properties, to enable private investments. Introduction of Input Tax Credit for developers, reduction in stamp duty rates which were carried on by few states earlier, will make sizeable difference in the cost of the project, and boost the consumption in this sector. To counter the increasing prices of raw materials like cement steel etc, waivers or reductions should be provided on GST on raw materials. Such steps can help the developers to take on new projects and help build sustained liquidity in the industry overall."

## AFFORDABLE HOUSING

**Amit Goenka** believes redefining of 'affordable housing' will be a boost for housing segment in metro cities. "Millennial are loving the idea of owning their own house during this difficult time where they are majorly working from home. Every builder is coming up with smart ideas to create a housing which is easily accessible."

**Ashish Joshi** too agreed that limits on affordable housing needs to be redefined upwards from existing value of 45 lakhs and carpet area of 60 sq meter or below, to expand the benefit for homebuyers and boost the demand. "We are expecting that the budget will reward the infrastructure status to the realty sector overall, bringing in multiple tax incentives to boost foreign and local investments and will help in building liquidity in the sector," he stated.



Ashish Joshi

## EASE OF DOING BUSINESS

Ashish Joshi expects the government to introduce long awaited Single-window clearance in the upcoming budget. “Delays in project approvals continue to be roadblock for developers, the single-window clearance will help fast-track the construction and delivery process. Digitalization of land records and model tenancy act will go a long way in enhancing ease of doing business. However, along with the expectations from budget, the expected rate hikes from the RBI would be a major point to watch out for, as it may impact the liquidity in the markets.”

As per **Amit Goenka**, although the growth in sales is increasing due to various factors including low rate of interest, affordable housing schemes, better infrastructure etc, the single-window clearance will help fast-track the construction and delivery process. “Apart from the single window clearance tax relief expected to extend to the home buyers by raising the tax deduction limit from 2lakhs to 5lakhs this encourages new home buyers. There is sudden growth in the 2-3tier cities, as they have emerged as major contributors in supporting the sector.”

## GOVERNMENT MEASURES TO SUPPORT REAL ESTATE

**Amit Goenka** shared some of the government schemes that are making a difference:

- The Smart City Project which aims to establish 100 cities across the country.

**Although, the Indian economy is severely affected with the current on-going pandemic situation and real estate is hugely affected with it. The government of India has collaborated with several states to promote the growth and development in the real estate industry.**

- The implementation of Real Estate in Jammu & Kashmir
- The Union Budget 2021-22 tax exemption for interest on housing loans up to Rs. 1.5 lakh and the tax holiday for affordable housing projects.
- The Ministry of Housing and Urban Affairs (MoHUA) affordable rental housing complex portal in October 2020.
- Atmanirbhar Bharat 3.0 package, which contains income tax relief measures for real estate developers and homebuyers for the principal purchase/sale of residential units of value (up to Rs. 2 crores from November 12, 2020 to June 30, 2021).
- Approval for establishment of a Rs. 25,000 crore alternative investment fund to revive about 1,600 stalled housing projects throughout the nation (AIF).
- Affordable Housing Fund (AHF) at the National Housing Bank (NHB) with an initial corpus of Rs 10,000 crore to finance HFCs using priority sector loan shortfalls from banks and financial institutions.
- Renewed attention on the Pradhan Mantri Awaas Yojana, particularly in rural areas.

“For providing and strengthening the position of developers, the private sector should be allowed more to participate in the financial system. It will allow the capital to flow smoothly and real estate will evolve in a better way,” concluded **Amit Goenka**

“Unsold inventory and stalled projects are the major concerns for the sector. To help in completion of stalled projects, the corpus of SWAMIH stress funds backed by the government should be increased from existing 25000 crore, to 1 lakh crore. Also, government should announce more funds that can help target specific real estate verticals that need liquidity support and capital infusion,” suggested **Ashish Joshi**



## Q&amp;A

# DEMOCRATISING REAL ESTATE OWNERSHIP

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**ARYAMAN VIR, FOUNDER & CEO, MYRE CAPITAL SHARES HIS VIEWS ON THE FRACTIONAL INVESTMENT MODEL AND EXPRESSES OPTIMISM FOR THE COMMERCIAL REAL ESTATE IN 2022.**

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## HOW COMMERCIAL REALTY FARED IN THE YEAR 2021?

With the decline in covid cases in the second half of 2021, we witnessed commercial real estate showing signs of recovery. The utility of grade-A buildings procured by MNCs started picking up, as the markets displayed better resilience than during the first wave, in 2020. Hiring by every MNC in 2021 saw a significant upsurge which led to a higher demand for office space expansions. Also, many tenants have invested significant capex in upgrading the interior fit-outs with an effort to create a “COVID enabled workplace” to promote a safe back to office transition.

## HOW IS FRACTIONAL INVESTMENT BENEFICIAL FOR INVESTORS?

Traditionally, CRE had high barriers to entry for retail investors due to the large quantum of funds required to

participate. Fractional ownership platform has eroded this barrier. The CRE rental gives investors a fixed monthly income source with an underlying hard asset capital appreciation, making it competitive with fixed income and debt products. The overall IRR from fractional commercial real estate is benchmarked to 15%-25% making it competitive with equities with significantly lower risk. Further spreading the risk, the investors can create a diversified portfolio across various cities, properties, and asset type.

## THE REASONS FOR THE POPULARITY OF FRACTIONAL OWNERSHIP IN CRE AMONGST NRIS

NRIs are often located in developed countries that majorly have low interest rates and low yield fixed income options. This has made investing in Indian real estate and fixed income products a preferred avenue for NRI investors.

## Q&amp;A

Alternative products such as MYRE's fractional platform has given them access to the asset class without the operational and management burden. Also, NRIs often have family residing in India and are keen to build an alternative passive income source for them. Catering to this need, fractional CRE offerings by Myre Capital provides them with stable monthly rental income.

### WHAT IS THE SIGNIFICANCE OF TECHNOLOGY IN FRACTIONAL OWNERSHIP?

With the outburst of the pandemic, virtual tour of properties have helped in decision making as it provides an authentic mirroring of the assets, saving time and access to properties across the world. We have integrated operational automation tools to facilitate the volume of tasks and eliminate any human error. The entire model is based on the premise of scalability.

We have developed proprietary technology to make the entire investment and on boarding process for an investor completely digital. The process can be completed in 5 minutes. Further all documentation and reporting is provided in real time to each investor in the Myre Capital investor dashboard. We have developed state of the art algorithms that process 30+ data points and help identify undervalued assets which have a higher intrinsic value than the proposed market value. This enables us to process more than 200 potential opportunities per day.

### LEARNINGS FROM 2021 & OUTLOOK FOR 2022

Being the first Neo-realty investment platform, in 2021 it very quickly became apparent to us that we would have to often tackle problems that did not have a predefined solution. To develop robust solutions, we approached problems from a multifaceted approach and leveraged technology to enable the same. We came up with various initiatives to tackle the COVID waves

and associated lockdowns. For instance, we have coined the "home from work" initiative as an effective alternative to work from home. We also prioritise communication, transparency, and customer satisfaction with our investors and partners.

The supply and demand assessing factors would continue to evolve in 2022 and CRE will continue to attract more FDIs which will further propel the sector. Models such as fractional ownership, co-working, etc. will drive the demand as hybrid work culture and democratisation of CRE investments are being highly appreciated.

We are looking at potential properties across India, not ignoring Tier 1, 2 cities as well as global expansion of MYRE Capital and are working towards achieving the same. Strategic partnerships to help build joint value is another of our key focus areas for the upcoming year. To bridge the knowledge gap about fractional ownership among potential investors, we are also exploring ways to design a system that will help educate them.



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## FEATURE

# THE FLEX SPACE RENAISSANCE

AS A RESULT OF THE COVID PANDEMIC, IN THE YEAR 2022 WE MAY SEE MANY MORE INDIAN OFFICES ADOPTING HYBRID WORK STYLES. SO, LET'S HAVE A LOOK AT THE NEW OPPORTUNITIES AND TRANSFORMATIVE SHIFTS IN CO-WORKING SPACES GOING BEYOND 2022.

**C**ovid Pandemic has changed a lot of things in real estate and opting for 'flex space' is one of the latest change. For almost a decade, co-working sector was getting more attention from Startups but, the Covid pandemic in 2020 made the enterprise businesses too, to consider coworking spaces for cost and resource efficiency.

**Amit Ramani, CEO & Founder, Awfis** while summarizing the year 2021 shared, "With a measurably positive consumer sentiment towards working from office and the decline in the number of cases post the second wave, more corporates have been opting for flexi spaces. In line with this Awfis saw a rise in the demand of seats, going upto 17,000 new seat sales from September to December 2021.



According to industry experts, the co-working segment is expected to grow three fold in 2022, changing the dynamics of the workspace and modifying the future of work. Financial saving is one of the main reason for change in office



**Amit Ramani**

space model. It is also a great option for companies who do not wish to be tied down to a long-term lease and would rather have a flexible cost structure. In addition, as per Gartner, 50% of Indian hybrid workers consider themselves more productive when working remotely which makes co-working space a best option for remote employees. The Coworking model is fast spreading to the tier 2 and tier 3 cities as well, with many of them already becoming the startup hubs of India.



**Robin Chhabra**

in Lower Parel and sold out our existing occupancy in 3 months," he said.

**Robin Chhabra**  
**Founder & CEO,**  
**Dextrus** defined year 2021 as steady and growing for his company. "With our first location in BKC we have stayed steady at healthy occupancy levels. Growing, because we launched our second center

## TRANSFORMATIVE WORK CULTURE

Since opening of lockdown co-working space business is on the recovery mode and is expected to increase its market share in total office space. The hybrid work lifestyle has not only changed the dynamics of Indian working culture, but is also pushing the commercial real estate market to take note of this change and act on it. The traditional way of leasing or buying space for market is getting replaced by building infrastructure for flex spaces that can keep pace with changing needs of the occupiers.

**Amit Ramani** adds, "With a pandemic-induced shift in both workspace needs and preferences, we see a

**The leasing of office spaces by co-working operators across eight major cities increased to 4.91 million square feet in 2021 from 4.05 million square feet in the previous year. These eight cities are -- Bengaluru, Hyderabad, Pune, Mumbai, Delhi-NCR, Chennai, Kolkata and Ahmedabad, according to Cushman & Wakefield.**

continuous evolution underway to cater to integrated workspace needs. While the notion of coworking spaces just catering to startups and individuals have become redundant, large corporates are now partnering with flexi spaces for factors like keeping up with the changing business dynamics, remote workers, talent acquisition and retention. Additionally, with reverse migration induced by work from home and lockdowns, coworking spaces have potential to expand rapidly in the Tier II & III markets of the country."

Till now, startups and SMEs were the flag bearer of co-working offices trend in India, but now big companies are also looking at co-working spaces to expand their business with minimum cost involved especially for infrastructure. Moreover, with technological advancements, co-working providers offer remote working solutions too such as virtual offices, lot based connectivity and networking systems and much more, covering every aspect of new-age working needs. Digitization in Coworking spaces now includes features like advanced space management software, booking system, attendance system, automated invoices, keyless access powered by Internet of Things (IOT) etc. Lease and rent system is giving way to on-demand and membership passes and many flex space providers have started offering exclusive and niche coworking spaces to businesses. What is also evident is the changing demands from the coworking spaces. Customized office spaces, enhanced health and hygiene facilities and wellness quotient are becoming a prerequisite for the clients.

**Robin Chhabra** concurred, "More and more companies (and of all sizes) are beginning to look at the flex space segment as a viable option for their office requirements. The absorption was slower prior to COVID and we see that it

has accelerated in the 2 years of COVID. This shall continue, as flexibility of space and service will be key drivers in the decision making process for office spaces.

Capitalizing on the accelerated demand for flex offices amongst large corporates, **Kunal Walia – Founder & CEO, Simpliwork** said, “2021 has been a milestone year for Simpliwork in terms of business growth. We have been able to offer agile solutions vis-à-vis world-class offices across leading markets. Simpliwork, with its supply of Grade A flex offices, is looking to capitalize on this trend and argets to double its inventory across India to 6 mn sq. ft by end 2022.”

Undoubtedly, the need to re-strategize workspaces by organizations returning to offices, will see them leveraging flexi spaces to reduce cost and expenditure. This will be the major driver for future growth and expansion plans of established and upcoming co-working companies. What we might witness in 2022 is the specialization of coworking spaces, dedicated to a certain industry niche or group of entrepreneurs.

### EXPECTATIONS FROM THE UNION BUDGET 2022-23

The pandemic seems to have forever changed the way of working as we knew. The flexible co-working industry has become ever more relevant as enterprises and corporates from large to small are shifting gears and embracing the hybrid work model. Not surprisingly, the flex space segment players have major expectation from the upcoming Union Budget that can further accelerate growth of this sector.

**Amit Ramani** expressed, “Amidst the new normal, the coworking industry has become a significant component of the real estate realm. Therefore, at Awfis, we expect the government to enable tax concessions for the start-up sector. The deductions will encourage the existing and upcoming startups to thrive in a competitive environment with the help of coworking spaces. The budget should also focus on infrastructural push and a single-window clearance system that helps in faster establishments of coworking spaces in



Kunal Walia

18% levy. The co-working industry also hopes for reduction in the rate of TDS on coworking services. Presently, the rate of TDS applicable on coworking services is 10% as they provide renting of both movables and immovables.

**Robin Chhabra** added, “From a coworking business perspective I do feel recognition as an industry is important and bringing the industry into the 2% TDS bracket from the present 10% would go a long way in helping alleviate the pressures of cash flows.”

### THE WAY AHEAD

In 2022, co-working will be the future of office space as it adapts and caters to the new hybrid work or remote work trend. In addition, as there will be new startups in the market especially those in the IT sector, new opportunities will emerge for co-working space providers as well as developers of such spaces. Also the demand from tier 3 cities have increased which was not the case earlier. Not surprisingly, the CII-ANAROCK predicts the market size

of coworking spaces to double over the next five years at a compounded annual growth rate of 15%.

In **Amit Ramani’s** opinion, the coworking sector aligns perfectly well with today’s decentralized business models. He stated, “In India, there are several factors that are leading to the boom of the sector which includes - the IT sector at the forefront to return to work, the rise of startup culture and demand for office spaces from Tier II & Tier III markets.

**Tax relaxations, one of the biggest demand of the sector will not only enable the co-working companies to provide real estate solutions to clients at economical rates but, will also ease the flow of working capital. Further, the extension of Investment Tax Credit (ITC) to developers would imply lower lease rates benefiting coworking players and reduction in GST for startups will make a significant impact on their budget, thereby increasing demand for co-working space.**

In line with the same, the coworking seat absorption will be at its all-time high in 2022 and Awfis aims to double its presence from 100 centres in January 2022 to close to 200 centres by the end of 2022.”

“IT remains the major driver of the office market in India. Co-working spaces have reinvented their offerings and repositioned themselves to suit the needs of occupiers. Sectors such as BFSI, co-working, real estate, have increased their



**Arvind Nandan**

share of the pie, giving hope that the Indian office market space has weathered the second wave and will come out stronger in 2022” said **Arvind Nandan, Managing Director, Research and Consulting, Savills India.**

Given that the current scenario and the number of market players, there is still substantial room for growth in the flex segment. With the growing demand for flexible and well-equipped work environments across industries and business, this segment is only expected to see a significant upswing. Rightly, so **Robin Chhabra** describes the outlook for 2022 in just one word - Surging. “The sector shall continue to grow in 2022 and Dextrus shall be a part of that growth as we look to expand our presence. Our ethos is to question the norm and not be satisfied with the status quo which makes us very excited about leading the way in innovating our three focus points of design, build and operations,” he stated.

Going forward we are also going to see hospitality assets like hotels, restaurants and cafes offering coworking spaces. The beginning has already been made and the trend is only going to get bigger. The model offers the facility owners of diversifying their asset allocation and generate income. What is needed is recognition of this sector as a realty segment. Also, government’s initiatives towards promoting ease of doing business for the real estate sector through single window clearance, infrastructure status and enhancing connectivity to all part of the country, will help promote various emerging asset classes such as co-working across metros and smaller cities.

**Neetish Sarma, Founder Smartworks** sharing his outlook for stated, ““Managed office spaces will continue

## 10 Coworking Trends of 2022

1. Well-Being as a Primary Focus
2. Automation to Boost Members' Experience
3. Mobile Commerce
4. Landlords as coworking Space providers
5. Corporations moving to coworking spaces
6. Specialization within coworking business
7. Innovative and experimental service offerings
8. Pivoting towards tier 2 cities
9. Hybrid workspaces in hotels, stores, and restaurants
10. Green Designs



**Neetish Sarma**

to grow, given the value, agility, and flexibility it offers to the occupiers. The year 2021 started slowly, but the demand for fully managed office spaces gradually increased, with us signing major multi-city deals with large companies.

We also added close to a million sq. ft. area to our overall portfolio. With hybrid offices and work arrangements taking centre stage, managed office spaces have gained significant popularity and have become an integrated part of portfolio strategy for enterprises. 2022 will see a complete transformation of offices into smart and dynamic spaces that incorporate the latest technologies to facilitate better workspace management and experience with data-driven decisions. Office experience has become more critical in the ‘new normal’ than ever, so a lot of focus will be on implementing the right tech solutions in workspaces for real-time insights on space optimization and utilization, leading to overall efficiency.”

## Q&amp;A

# WE ARE MOVING TOWARDS ON-DEMAND ECONOMY

THE HUB BENGALURU HAS COME A LONG WAY EVER SINCE THE PANDEMIC HIT IN 2020. **AZAAN FEROS SAIT, FOUNDER AND CHIEF HAPPINESS OFFICER, THE HUB BENGALURU** SHARES HIS VIEWS ON THE FUTURE OF FLEX SPACES.



**SPACE PROVIDERS THAT ADOPT TECH THAT IS EASILY SCALABLE AND ALSO ALLOWS THEM THAT LEVEL OF MICRO-PRECISION WILL BE AHEAD IN THIS RACE. DYNAMIC PRICING WILL ALSO HAVE A HUGE ROLE TO PLAY IN THE NEAR FUTURE.**

## HOW WAS THE YEAR 2021 FOR THE COMPANY?

Our offline business (Co-working, Co-living & Events) stayed afloat because we understood how to re-imagine shared spaces that balance privacy and community spaces, also keeping in mind the safety of members. The real pivot was made when we kicked off our online business last year - A One-Stop Creative Shop that looks at micro-level implementation of social currency across different verticals. While building our company is the key goal, nurturing our community and involving them in our ventures has been of utmost importance.

## WHAT IS THE OUTLOOK FOR THE COWORKING/COLIVING SECTOR FOR THE YEAR 2022?

The outlook for both sectors in 2022 is massively positive! Real-Estate-As-A-Service is definitely the way forward. But for this transition to take place smoothly, it will require a lot of technology devices, especially IoT sensors that can be fitted across the space. Everything will be on-demand – costing, billing, availability and of course, instant gratification.

The Hub Bengaluru has been in the co-living space for 5 years and was one of the firsts to pioneer this space. We have built it around the needs of our members, which has always been evolving. People understand the value of being able to live and work at the same place – having it sorted as part of their compensation package. Co-living will become a great tool for HR to deploy – thus allowing companies to take better care of employees' health and support them.

## WHAT ARE YOUR EXPECTATIONS FROM THE UPCOMING BUDGET?

The Government is now acknowledging the fact that there is a new way in which people interact with spaces. There is a big difference in consumer consumption habits - from 5-year leases to 1 day passes. We are moving towards an on-demand economy. But policy needs to catch up with the same, for the Government to provide better support for innovation in the ecosystem.

**TECHNOLOGY**



# PROPTech WILL CONTINUE TO INNOVATE IN 2022

DURING THE PANDEMIC THE PROPTech FIRMS ALTERED THE WAY PROPERTY TRANSACTIONS WERE BEING CONDUCTED IN INDIA. IN YEAR 2022 TOO, THEY WILL CONTINUE TO INNOVATE IN THE REALM OF REAL ESTATE.

**T**he real estate will be impacted significantly this year with developing synergy between technology and businesses as also various stakeholders including developers, investors, occupiers and employees. Furthermore, with demand for the residential properties among tech savvy millennial buyers rapidly increasing, Proptech will mark its strong presence in the real estate industry to bring evolutionary trends in the sector. The experts believe that the year 2022 will be dynamic as it will set off innovations in design, planning and amenities befitting the preferences of buyers.

**Rohit Gera, Managing Director, Gera Developments** is of the view that faster development cycles, disruptive business models and increased competition are highlighting the increasingly essential role of technology and automation in business. “Business success relies heavily on the optimal utilization of technology. Critical applications such as Sales force or back office financial systems such as our ERP solution, we approach business by utilizing information technology to its fullest.”

**Govind Rai, Co-Founder & CEO Insomniacs** elaborating the scenario stated, “From a technology and digital perspective, this year came with a reckoning that those who aren’t thinking big and are not planning to adapt and evolve will be left behind. Thus, we saw the following key changes - For brokers and developer’s alike technology and automation play became a top priority. Though we are still scratching the surface, the intent is to start and we could see that there’s no dearth of it. Sales and Marketing automation plays w.r.t to CRM, Marketing Attribution, Data Analytics tools, Virtual Walkthrough tools, and location intelligence platforms queries were most in demand.

Digital has started consolidating its share to 25%-30% in the Launch phase and 50% in the sustenance phase. Facebook and Google still remained the top platforms for lead gen but OTT, native and programmatic platforms have started making inroads while the brand campaigns in short emerged as the new go-to option for bigger brands. In addition, technology aggregator’s platforms have started taking steps towards larger forward and backward integration especially moving towards transactions. This transition was long due.”

As per **Kanika Gupta Shori, Founder and COO, Square Yards**, the real estate sector is now proactively investing in technologies that bring valuable information to customers’ fingertips and make property transactions easier. “Year 2021 was an eventful year for Square Yards as we continued to build pioneering tech products to digitally disrupt the real estate value chain and add significant arsenal to our core segments, in a bid to remain relevant and competitive. We filed 12 international patents in USA for breakthrough technology innovations in VR and 3D landscape. On the business front, we helped sell ~7500 houses and helped ~10000+ customers with mortgage finance worth Rs 4000Cr in 2021. We helped manage ~1000+ houses under



**“Business success relies heavily on the optimal utilization of technology. Critical applications such as Sales force or back office financial systems such as our ERP solution, we approach business by utilizing information technology to its fullest.”**

**ROHIT GERA**

property management and have done Interiors for ~500+ clients in the first year of launch.”

### **PROPTech BOOM DURING PANDEMIC**

The technological advancements in real estate were taking place at a slow pace and real estate companies were quite slow in adapting to technology, but the pandemic accelerated digital transformation in the sector and Proptech

**“From a technology and digital perspective, this year came with a reckoning that those who aren’t thinking big and are not planning to adapt and evolve will be left behind.**

**GOVIND RAI**



has emerged as a real game-changer in the real estate.

The effects of Covid-19 on the growth of PropTech cannot be downplayed. The Indian government’s ban on physical interactions prompted both service providers and clients to find alternative ways of doing business leading to adopting of modern methods of doing business. Now buyers are finding it easy and convenient to engage with the property companies from the comfort of their homes.

Though, PropTech ventures have been around since 2002 but the work from home policy fuelled rapid growth of tech solution ventures and led to mushrooming of number of PropTech start-ups in this space. Pre pandemic the real estate industry heavily relied on physical meet-ups and lots of travel but this was no longer an option when travel restrictions were put up between countries and within countries. Thus, the practices such as land prospecting, financing, valuation and property management too have moved to the virtual world.

## PARADIGM SHIFTS IN THE PROP-TECH SEGMENT

While the real estate sector is already identifying the potential of technology, the various initiatives by the government will also be a driving factor for the PropTech

sector’s growth. The government’s flagship campaigns such as Digital India, Smart Cities Concept etc. are accelerating the holistic use of technology in real estate. If we go through the industry statistics we can see that the PropTech fundraising recorded an all-time high in 2021 with \$9.5 billion from investors and venture capitalists in the mid of November and this figure breaks the record of \$9 billion fundraising in 2019.

Kanika Gupta Shori added, “Real estate companies will increasingly leverage Big data in combination with artificial intelligence, machine-learning models and optimized processes to predict user behaviour and decisions resulting in most

**Technology is increasingly becoming an attractive asset for real estate investors & buyers, looking for an efficient and secure foray in the real estate segment. Due to this there are many new opportunities for PropTech companies to witness high returns on their investment and future growth.**



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**KANIKA  
GUPTA SHORI**

appropriate search recommendations. Investments in Virtual Reality and 3D visualization software along with digital property buying models that make property transactions delightful will see a spike in 2022. Along with this, real estate businesses will foray into blockchain technologies to make property transactions secure and automate transactions. Lastly, automated rental and property management platforms that allow customers to automate routine client services, maintenance requests, communication and leasing will be a new normal in the property sector.”

**Rohit Gera** shared his own initiatives, “We have always dared to be different, challenged the status quo, with customer-facing applications and solutions like the GeraWorld® App- a mobile application designed to provide a hassle-free customer interaction with Gera Developments. Likewise, Gera Advantage App- provides hassle free contractor / vendor interaction with Gera Developments. We have also implemented robotic process automation in our organization. We now use RPA for Indexing Documents in Document Management System, Web Scrapping for Business Intelligence and Bank Reconciliation Process (BRS) of all the Gera Group Companies Bank Accounts. We have leveraged technology to impact every business aspect to help deliver to our stakeholders with better efficiencies and superior experience.”

**Govind Rai** added, “2022 should be a turning point for the Proptech sector in India, for global markets it is already riding high. But, for the Indian market post RERA, we have started witnessing some key structural changes and customer confidence. And this decade should be a game-changer of sorts for this industry. From a technology and digital perspective, we saw the following key changes:

**Aggregator Platforms** will further start consolidating and might see some category kings emerging. That could mean that no singular platform will own it all but different categories will have some unique players emerging. Primary, Secondary, Rentals, Weekend homes, Commercial, Co-working and Co-Living, these categories have started seeing deeper integrations and emergence of new players trying to sharpen their offering and trying to become synonymous to one category each.

**Martech and Proptech Convergence** will emerge as big winners in the coming time. Platforms focusing on

delivering lower acquisition costs for leads, site visits, and bookings for realtors with location data intelligence play and automation in campaign management or real estate-focused ad networks are some exciting movements we shall witness in coming years.

**Proptech and Fintech Duo** - A lot many companies would be solving the customer journey issues that follow home buying with regards to down payment assistance and loans. We shall soon see some aggressive play in this space by aggregator platforms.

**Transaction Management** - This segment is still to take off here in India but the speed with which Govt is hell-bent on using technology and is digitally transforming most of its operations. This segment shall start witnessing good growth adding a lot more transparency and efficiency to the overall process.

**The Unknown** - How Metaverse and blockchain would transform operations and processes in the future is one thing we got to keep a tab on. We can't ignore it and there could be a series of surprises that would be in store in this space. We can't really predict the impact yet. But, these two overhauling everything and, ways we do things today wouldn't be a huge surprise if it happens."

## THE ROAD AHEAD

According to industry reports, over 50 percent of the real estate buying decisions take place through online searches and with the growing internet user base which is expected to increase up to one billion by 2025, the opportunity for the Proptech players in 2022 is colossal. Also technology is revolutionizing the whole industry in more ways than one and throwing up more opportunities for all stakeholders.

**Rohit Gera** stated, "There has been a tremendous consolidation in the real estate industry over the last few years. The project portfolio of the larger developers has increased substantially. In addition, all developers are required to deliver more efficiently in a very competitive environment. Technology is an extremely

important enabling factor that will help developers compete and increase the efficiency within their organisations. The potential for the use of proptech in the real estate sector therefore is tremendous. There is a need to use technology in project planning and monitoring, customer acquisition and relationship management, design, team collaboration, project management, marketing and so on.

**Kanika Gupta Shori** added. "Real estate software will simplify and transform business workflows by reducing physical interactions and meeting expectations of consumers. "We will see a rise in smart space solutions that can map the topography of working space

interiors and provide insights on how to make the workplace safe and engaging will gain prominence. Touch less asset & access control systems are also an accelerating trend in proptech that will transform building functionality and make assets safer to use, access and control. With access verification modules and contactless integration with various asset services, asset control tech will simplify building navigation. Smart real estate value assessment software that leverages AI and calculates the valuation of a property in minutes with the help of some specific data, resulting in faster processing of property sales without any

broker is another opportunity that will flourish in 2022. Not to mention, the adoption of visualization tools in rental real estate to make search and renting experiences more interesting."

**Govind Rai** expressed, "Since the Real Estate sector is still marred by multiple transparencies and efficiency issues, there's a lot of opportunities available in terms of problems that are calling out to be solved. Last year we saw 2 start-ups emerging as Unicorns. This year we shall see 3-4 more unicorns. And anywhere from \$ 600 Million to \$ 800 Million of funding in Proptech in India in 2022 alone is expected,"

**Going into 2022, real estate and technology will become more closely intertwined. This year has come with a reckoning that those who ain't thinking big and are not planning to adapt and evolve will be left behind.**

**BUILDING  
BLOCKS**

# OPTIMISTIC 2022 FOR CONSTRUCTION INDUSTRY

The construction industry is divided into 250 sub-sectors, which can be classified into two categories: real estate and infrastructure construction. The Ministry of Statistics and Programme implementation predicts that in the financial year 2022 the construction industry is likely to grow in double digits at 10.7 percent, mainly due to the government's increased focus on infrastructure projects and gradual increase in residential and commercial real estate demand in the coming year. The industry also expects that the upcoming budget will further focus on investments in infrastructure and capacity building.

According to **Samantak Das, Chief Economist and Executive Director-Research and REIS, JLL India**, "The financial, real estate and professional services segment

is expected to see a 4 percent overall growth in 2022 and this is expected to be driven by investments in the construction and real estate sectors. The other allied sectors like logistics, warehousing and data centers are also expected to fuel construction demand going forward."

Anuj Puri, Chairman of Anarock Group expressing his views said, "The construction sector contribution towards the GDP has been significant and as we progress further into the year 2022, the initiation of large scale infrastructure projects and increase in the construction activity are going to be significant contributor to the GDP."

THE YEAR 2022 WILL BE A PROMISING YEAR FOR THE CONSTRUCTION INDUSTRY AS IT IS EXPECTED TO GROW AT 10.7 PERCENT PRIMARILY DRIVEN BY SMART RECOVERY OF REAL ESTATE SECTOR AND PROPOSED EASING OF FDI RULES IN CONSTRUCTION SECTOR.

BY: ABHITASH SINGH

THE FINANCE MINISTRY IS CONSIDERING ALLOWING LIMITED LIABILITY PARTNERSHIPS TO INVEST IN THE CONSTRUCTION OF TOWNSHIPS, ROADS, HOTELS AND HOSPITALS IN THE BUDGET TO BE PRESENTED ON FEBRUARY 01.

### THE POTENTIAL GROWTH DRIVERS

The construction sector will be supported by the government's plan to significantly increase the stock of PMAY units, AHRC and completing of construction of 23 new highway and expressway projects by FY2024/2025.

The Pradhan Mantri Awas Yojana (PMAY) aims to build around 20 million urban houses and 30 million rural houses by 2022. Recently the construction of an additional

3,21,567 affordable houses was sanctioned under Pradhan Mantri Awas Yojana.

For Affordable Rental Housing Complexes (ARHCs), government has extended credit facility at lower interest rate under Harmonized Master List (HML) of Infrastructure Sub-sectors. RBI too has permitted issuing of long term

bonds by banks for financing of Infrastructure and affordable housing to facilitate faster project constructions. The pickup in the Smart cities schemes in 2022 too, will fuel the urban infrastructure construction.

In the private segment, as per the ICICI Securities report, the residential housing demand is expected to reach pre-Covid levels led by new launches. The industry forecasts are of 5 percent capital value growth for the residential property segment in the country in 2022. Furthermore, as per the hiring trends witnessed in 2021, the Information Technology sector's leasing will be gaining momentum in 2022, raising pan-India incremental demand for office spaces to nearly 1.08 mn sq meter and net absorption of 26.8 msf in CY22E.

"The Indian construction industry is the key area of global real estate investments, the recovery pace can double fold in the upcoming quarters which will help all the stakeholders to narrow down the loss made in the previous quarters since the Covid-19 outbreak. The volatility is here to stay for a while until industry shows a steady sign of recovery along with other sectors like manufacturing, hospitality, FMCG, infrastructure, leisure and so on," said MV Harish, Executive Managing Director, Project Development Services, JLL India.

With optimism for the construction industry there comes challenges too which will be affecting the performance in the year 2022. Materials and labour shortages have delayed projects and increased their costs. With third wave predictions, further disruptions are expected causing lockdown like situation in many parts of the country.

The cost of new projects is up by 10-12% while the existing projects went up by 8-9%. The supply chain breakdown is the key reason as the cost of material and its freight account for 50-60% of construction budgets.

The key to mitigating supply chain issues come down to resilience: engagement with suppliers, creating material reserves and developing backup suppliers. This year it will be important to reconsider reliance on foreign made



**AS OF JUNE 2021, THE NUMBER OF PROJECTS IN THE NIP HAS RISEN TO 7,973. TO FUND THE NEW PROJECTS, THE GOVERNMENT PLANS TO INCREASE THE SHARE OF CAPITAL EXPENDITURE IN CENTRAL AND STATE BUDGETS AND ESTABLISH A NEW INR200 BILLION DEVELOPMENT FINANCE INSTITUTION, WITH A LENDING TARGET OF INR5 TRILLION OVER THE NEXT THREE YEARS.**

supplies and just in time materials sourcing making it important to establish local and regional suppliers when possible.

### **CONSTRUCTION INDUSTRY TRANSFORMATIONS**

Like other industries even in construction industry the unstoppable march of technology will continue because there is a lot at stake. The productivity of the construction industry will improve as much as 60 percent by usage of technology that will also address the labour shortage. As per industry experts, the PropTech and FinTech will mark their strong presence in the construction in 2022.

For the construction companies technology means construction machinery, drones, software tools and 3-D printing. Automating manual processes, new technology processes for resource and material efficiency and Pre-fabricated systems are some of the stand-out trends for 2022.



## OVERALL COST IMPACTS-THE UPS AND DOWNS

### CONSTRUCTION PRICE INCREASE



## INVESTMENTS FOR THE SECTOR

India's construction industry offers lucrative investment opportunities for foreign companies as infrastructure modernization, development of 'smart cities', improvements to logistics and transportation routes, and affordable housing for all are prominent government mandates. India's FDI policy also allows 100 percent FDI under the automatic route in the construction sector.

In FY 2021, the construction sector emerged as the second largest sector in terms of FDI inflow, receiving 13 percent share of the total FDI equity inflow to India. Additionally, India's \$1.4 trillion infrastructure investment budget under NIP allocates 19 percent to roads and highways and 16 percent to urban infrastructure.

Sharing expectations from Union Budget 2022-23, Rajeev Dimri, National Head of Tax, KPMG in India expressed, "Relief for real estate and infrastructure sectors, steps to boost investor confidence and attract foreign investment and to rationalise compliance through increased adoption of technology tools could also be considered for revival."

## THE BRIGHT FUTURE IN 2022

The construction outlook for 2022 is looking positive. ICRA estimates a 15-20% growth in construction equipment segment to continue till CY2023, before

moderating in CY2024. The building material industry projected growth rate for 2022 is around 10%, and it is estimated to clock a CAGR growth of 8% to 9% in the next five years. The industry reports also anticipate that by Q2-Q3 2022 the construction prices will stabilize.

Anirban Basu, Chief Economist, Associated Builders and Contractors and CEO, Sage Policy Group stated in one of the industry discussions, "The infrastructure factors in the top of state and local government spending, so we will see a lot of state and local spending on construction going forward. Other factors which will fuel the growth of construction industry in 2022 will be the home demand that will have a positive impact on the construction industry and recovery of manufacturing and supply chains, lowering the prices of materials like steel, copper and aluminium."

The PwC report also finds the industry well-positioned for the coming year, despite issues such as supply chain disruptions, high material costs and labour shortages. As we move in 2022, construction industry has a big role to play in supporting the nation's growth plan. The infrastructure Investment and Jobs Act (IIJA) with investments across health care, public safety and other public Infrastructure is expected to bode well for the construction industry. The real estate segment is also expected to stay strong and exhibit heightened construction activity.

**DRAWING  
BOARD**

MARKING THE BEGINNING OF A NEW YEAR, WE LOOK AT THE ARCHITECTURE AND INTERIOR DESIGN SEGMENT TO UNDERSTAND HOW 2021 WAS LIKE FOR THEM AND ASK THE DESIGN GURUS TO CRYSTAL GAZE INTO THE UPCOMING YEAR.

# Design Industry Reflections 2021 & Outlook 2022





**T**he real estate sector is moving towards an upcycle which will commensurate with rise in building construction demand. Taking off from the 2021 high demand for housing during the pandemic, the residential real estate across public and private segment will see new launches in 2022. This year is also gearing towards retrofitting of office spaces to meet the changing preferences of tenants and occupiers and retail segment will see new design models such as mixed use developments, high street shopping and resi-retail.

In addition, tier II and III cities are becoming start-up hubs and with reverse migration many white collar employees are working from these cities. The co-working and co-living segments are thus finding new relevance in these new real estate growth hubs. Riding the wave of e-c-commerce and digitization, the industrial and data parks and warehousing too are attracting global and domestic investments.

All these trends point towards a new growth trend for architecture and design. With steady progress projected across realty segments, the design services too will see a growth path ahead in 2022, though in a new avatar.

Theme-based designs, multifunctional spaces, tech-equipped buildings, wellness and sustainability are the buzzwords in the design community today. The transition is also seen in the way the design fraternity's working style and interaction with the stakeholders. Furthermore, with the upcoming budget 2022-23, the design industry is hoping for reliefs and incentives for the sector.

## In an interaction with Realty+, some of the eminent architects and designers share their views on the outlook for 2022 representing the overall sentiments of the design community.

### HOW WILL YOU SUMMARIZE THE YEAR 2021 FOR THE FIRM?

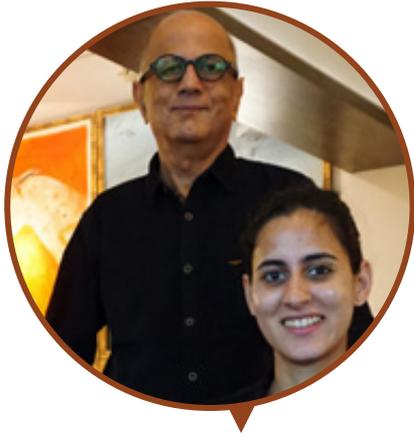
**Alfaz Miller & Aahana Miller, ABM** - While 2020 was a slow year for the firm, work picked up by February / March 2021. We accepted projects we would not normally take on, and those that were at a much smaller scale than what we were used to. Then with the second wave, we went back to working from home, which was tough with the projects we had taken on. However, it gave us clarity on the future of the firm and what kind of project archetypes we would like to work on and design.

**Shaon Sengupta, Director – Edifice Consultants Pvt Ltd.** - The year 2021 has been a challenging one for Edifice as with most others. However, it has also led us to innovate, re-invent and think about various aspects which we would have otherwise not have visited. Edifice has done well in the year that has passed by and it has given a whole new dimension to our determination and confidence. In other words, it has been a year of hope, surprises, and successes.

**Shobhan Kothari, Partner, KDND Studio LLP** - The year 2021 for our firm was quite surprising and positive. I think we saw a lot of commitment from our past clients as well as the new ones towards the projects. The market definitely moved in a positive direction for us. We also saw many sectors opening up even through the pandemic. Most importantly, we saw adaptation to different working styles and the keenness for collaboration helped us excel through it.

**Shibani Jain, Founder and CEO, Baaya Design** - Despite the second wave of Covid-19 last year and now the ongoing third wave, this year has been quite an interesting year for Baaya Design. We are flooded with work and we are still trying to cope with the backlog that came out of the initial months of shutdown when the Pandemic first struck us.

We have also been able to adopt a more hybrid model of work-from-home as and when required. We have new systems in place to help manage our workflows and ensure



**Alfaz Miller & Aahana Miller**  
ABM

**Shaon Sengupta**  
Director - Edifice  
Consultants Pvt  
Ltd



**Shobhan Kothari**  
Partner,  
KDND Studio LLP

**Shibani Jain**  
Founder and CEO,  
Baaya Design



the overall safety of our teams and our surroundings. However, the nature of our work is such that it requires us to work hands-on onsite supervising and engaging with artisans or producers. But this has truly been a year of change and a year of transformation in general for Baaya, and this brings a very positive feeling into what is yet to come for us.

**WHAT ARE THE PARADIGM SHIFTS WE ARE GOING TO SEE IN DESIGN SEGMENT?**

**Alfaz & Aahana Miller** - We already find that there is a shift from more commercial projects to residential work. In residential projects, we find clients asking for the third bedroom in the home to be used as a multipurpose room so that they can use it as a home office space. They are also looking for home automation to assist them to work from home in a comfortable environment. I think home automation is something we will see for a long time to come especially with our younger clients. This allows one to save electricity, integrate safety measures, for convenience, comfort and most of all peace of mind.

For workspaces and office buildings, the large “open office plan” will be replaced with partitioned and enclosed spaces to segregate functions to form barriers within offices. If physical distancing is a constraint, then definitely a redesign of workstations to provide better segregation with screens and partitions. Breakout open spaces will have to be integrated into the layout to allow for a less

congested space and social distancing.

**Shaon Sengupta** - Technology-assisted-Architecture is the next big thing. This involves use of technology for conceptualising design, representing design, and doing the backend research as well. There has been a lot of ground gained in tech driven interventions and this is going to immensely help designers do things that we have not seen in the past or have been quite unsurmountable to achieve earlier.

**Shobhan Kothari** – I think there is a great talk about the fluidity of architecture and interior spaces. One thing that pandemic has taught us is that the reuse, readaptation and reinvention of spaces is inevitable. I don’t think spaces will continue to be singular or binary in program and hence we would be developing spaces that are multifunctional. I think that would be the biggest paradigm shift that will be happening, with users as well as creators catering towards it.

**Shibani Jain** - We have already seen that the residential market for interior décor is booming. Further, we have seen that there is a huge demand for homes being decorated by people more holistically; people are trying to beautify their homes more earnestly and with more thought, homes that you can work from, homes that can help you stay healthy and corners that you can spend time with the family as well as by oneself. Décor is also trying to keep pace with the need to be sustainable, there is a need to connect with ourselves and with nature and this is what is in demand in today’s time.

## WHAT ARE YOUR EXPECTATIONS FROM THE UNION BUDGET 2022-23?

**Alfaz & Aahana Miller** - With more people working from home, we hope that there will be some allowances for the same. Employees were hit the worst in the pandemic due to increased expenses during the work from home period. Most had to spend out of pocket on increased electricity and internet costs. Even medical expenses increased during this time. There could also be some relief for businesses struggling to recover.

**Shaon Sengupta** - We look forward to a Budget that promotes and encourages development and innovations and not one which just gives away freebies.

**Shobhan Kothari** – Critically, I think I would like to see the real estate sector, which is one of the top three employing sectors of the country– to be given a great deal of impetus. Areas where property tax is concerned or for that matter the taxations that developers go through– can be relaxed. This will bring a lot of buyers into the market. Also, the monopolisation or heavyloading of prices of land will not happen, leading to an increased number of serious buyers. I genuinely believe that there is a golden opportunity within infrastructure and a potential for the real estate sector to boom for next 3-5 years.

**Shibani Jain** - Expectations from the union budget is that we hope the handicrafts and handmade textile segments are made exempt from GST or levied a very low GST tax because these are all marginalized producers. And they do deserve the attention of the government because it affects millions of artisans who work to preserve our culture and our heritage and it's very important that the government frees them from the burdens of over taxation which limits their ability to sell.

## WHAT IS YOUR OUTLOOK FOR THE DESIGN INDUSTRY FOR THE YEAR 2022?

**Alfaz & Aahana Miller** - Architects have already adapted to the new norm and are rethinking every design strategy, learning from each other and sharing ideas. Social distancing is a given under these circumstances, but



Architects should be concerned about future viruses that might ask them to rethink design entirely. Additionally, the client's mindset will drastically change post the pandemic on the various design decisions. Nevertheless, there is tremendous scope for adaptive reuse post COVID; existing spaces will need to be reimagined and reformed.

**Shaon Sengupta** - Sustainability, conservation, efficiency and empathy in design, materials, and implementation. The design and construction industry can contribute immensely to our planet and all its beings, and it is high time that we realise this potential and consciously bring in the change.

**Shobhan Kothari** - I think one of the biggest challenges for the industry has been the large dependency in the previous years on the western markets for imports. Those have not yet been reduced but the pace has gradually slowed over time– due to logistic issues faced throughout the pandemic. This has forced us to look inwards and look at our own intrinsic markets and harness our own talents. This has also led to collaborations with craftspeople and promoting new talent which will surely be the case for 2022 as well.

**Shibani Jain** - The design industry will do extremely well in 2022. It's a time for change and whenever there is a dimension shift in thinking, design is what leads this and brings about this shift into a reality.

**BRAND SYNC**

# EMOTION & LIGHT

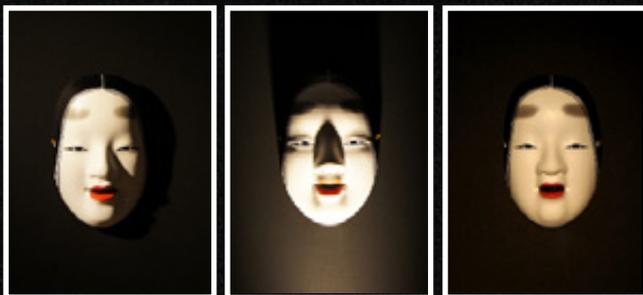
LIGHTING PLAYS A VERY IMPORTANT ROLE IN DEFINING ANY INTERIOR SPACE, ESPECIALLY WHERE ARCHITECTURE AND CHOICE OF INTERIOR MATERIALS, ARTEFACTS, SCULPTURES AND TEXTURES ARE WIDELY USED, ELABORATES YOGENDRA JOSHI, **PRODUCT MARKETING & BUSINESS DEVELOPMENT, ENDO LIGHTING.**

Light is not just for illuminating dark places, but it has the ability to drastically change the atmosphere of the space and all elements thereof. Things with harsh and sharp shadow-lines tend to indicate hard, masculine, tight, dark, angular and artificial message while soft shadow-lines showing gradual change from light-to-dark tend to be gentle, mild mannered, lighter, soft, rounded, natural and feminine in appearance. Using the choice of light fixture or vendor can potentially compromise the design intent and send conflicting message.

**SHADOW & LIGHT - HOW TO USE SHADOWS**

The shades between light and shadow are the definition of form. "Form" being the three dimensional shapes we see. What one has to look for is the quality of the shadow. How intense is it – light or dark. How quickly does the light change from light to dark. Is it an abrupt, sharp change? Or, is it a slow, gradual transition?

**FACES AND SHADOWS**

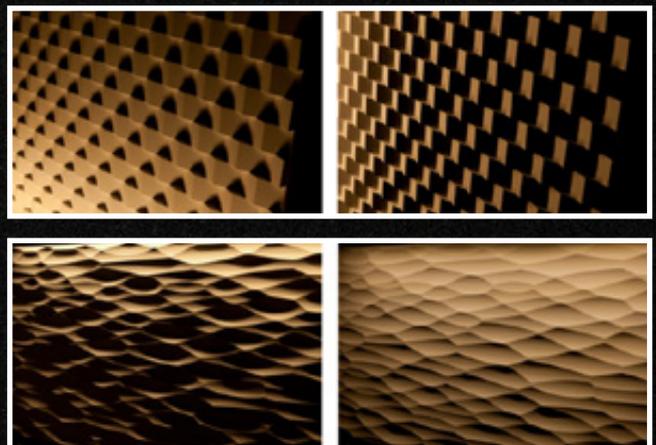


The change in people's facial expressions and atmosphere greatly depends on how LIGHT is used as a medium to cast the shadow. For example, we have lit-up the MASK using ENDO downlight & spotlight to show the relationship between beauty and oblique angles. Simply by changing the orientation of Luminaire i.e. by using ENDO's super narrow beam downlight, the

shadow creates mythical expression while, the Dual Optic spotlight prominently highlights red lipstick and vice-versa flat facial expression.

**INTERIOR MATERIAL AND SHADOWS**

Lighting plays a critical role in selection of materials / finishes be it residential or commercial application. Good quality of Light has the potential to change the visual perception.



In above example of a texture wall, all 4 images give a completely different visual perception of the textures on identical material. Unevenness of the material, direction of light, distance from the material, precision on LED Optics, Color fidelity of light source together contribute in bringing a new dimension to the space. By working well with shadows, you can create layers, high-light the nuances in residential or hospitality segment to enrich the interiors.

**AS A TECHNOLOGY ORIENTED MANUFACTURER WE AT ENDO CONSIDER OURSELVES EQUALLY RESPONSIBLE TO JUSTIFY THE ARCHITECT'S VISION BY KEEPING THE APPLICATION AT THE CORE.**

## INTERNATIONAL



# 2022 STRO YEAR GLOB ESTA

LET'S HEAR IT FROM  
ECONOMISTS IN  
ECONOMIST, MA  
DIRECTOR & RIC  
ANALYST FROM  
GLOBAL REAL ES

**A**fter bouncing back from the pandemic in 2021, global real estate will likely have another strong year in 2022 – we expect returns of 8%. Despite disruptions in product and labour markets and isolated covid outbreaks, economic activity and employment growth will continue at pace, driving global real estate returns.

The long-run shift to online sales and a still-high share of spending on goods mean that the industrial sector – particularly distribution, warehousing, and urban logistics – should continue to offer superior returns. We expect 2022 returns to cool relative to 2021, but the sector is still likely to see the second-highest annual return on record at 14.2%.

The residential sector and, to a lesser extent, the office sector should benefit from easing Covid restrictions, returning 8.6% and 6.6% respectively. Office returns will be the best since 2019 at 6.6%, driven by modern space that meets corporate ESG requirements with configurations amenable to hybrid working. Returns in high contact sectors will continue to lag the recovery, with retail (5.9%) and hotels and leisure (5.2%) seeing muted growth.

In the medium term, secular forces such as demographics and corporate saving combined with modest rises in interest rates will weigh on returns. By 2026 we expect returns to temper considerably, falling well below their historical trend.

## THE ANALYSIS

With an overall improving health situation globally and tentative signs that supply constraints may be abating, we expect growth to strengthen from here even if it doesn't hit the heights of H2 2020. A continued relaxation of restrictions globally is crucial to the ongoing recovery as it allows spending to be diverted toward services and away from durable goods. This should help to alleviate much of the pressure on global supply chains. But it is also crucial to broadening out the recovery in real estate returns to sectors beyond industrials.

**Industrial properties lead the way:** Global industrial real estate returns are set to lead the recovery in 2022 at just over 14%, particularly as distribution centres and urban

# LONG FOR GLOBAL REAL ESTATE

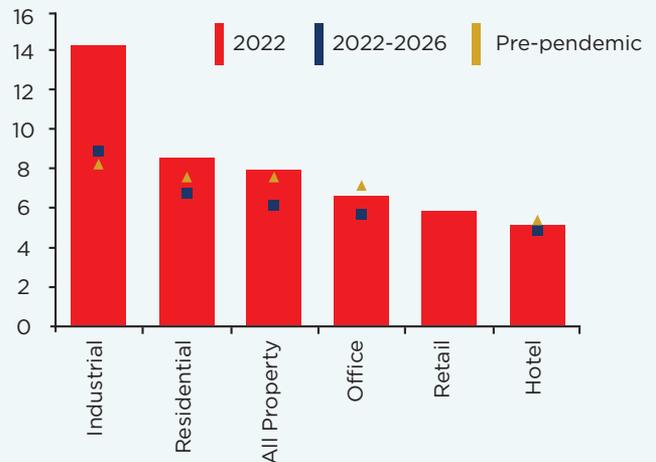
FROM THE REAL ESTATE  
 JAMES MCFEE, CHIEF GLOBAL  
 MARK UNSWORTH, ASSOCIATE  
 CARDO PIZZUTI, LEAD REAL ESTATE  
 OXFORD ECONOMICS, HOW THE  
 STATE WILL FARE IN THE YEAR 2022.

logistics will benefit and manufacturing more generally should expand rapidly to keep up with demand.

**Residential demand will sustain:** Global investor demand for residential properties in 2022 is expected to sustain yield compression, generating another strong year for returns. The defensive characteristics of the residential sector, combined with the long-term demand drivers of urbanisation, smaller households, and affordability constraints on home ownership will continue to attract capital. We estimate global residential returns of 8.6% in 2022, similar to 2021 and the highest since 2015.

**THE UNEVEN NATURE OF THE GLOBAL ECONOMIC RECOVERY WILL ALSO PLAY OUT IN REAL ESTATE MARKETS. WE EXPECT NORTH AMERICAN PROPERTY TO RETURN MORE THAN 9% IN 2022, WHILE RETURNS IN ASIA WILL BE AT 6.9%.**

**Global: real estate total returns by sector**  
 % year on year change in total return index



Source Oxford Economics MSCI

**Office and retail returns to improve:** Office and retail returns have suffered much more than industrial and residential in the pandemic, but looking ahead we expect the gap to start narrowing. Returns of 6.6% and 5.9% in 2022 respectively, while still lagging, will represent a big improvement on 2020 and 2021 (particularly for retail).

Looking further ahead there is a clear distinction to be made between the two sectors. Office returns are set to weaken in the medium term as interest rates rise and as sustainability and hybrid working polarise the market. However, we continue to believe that cities will remain very much ‘alive’.

We expect modest strengthening in retail returns over the next five years. We believe that the long-run shift to online retail will endure, but equally the correction in the retail sector combined with the boom in industrial and residential has generated more repurposing opportunities. While the resilient performance of retail parks and supermarkets during the pandemic has lifted demand for these assets. We expect returns to average 6% over the next 5 years, well below the pre-pandemic average of over 8%.

**Hospitality will make up lost ground:** The hotel and leisure sector returns have clearly been most damaged by the pandemic, falling more than 5% in 2020 alone. We expect the sector to continue to make up ground in 2022, but with business travel lagging the recovery, the 5.2% returns we expect this year are still below the prepandemic average. While 2023 will see the peak in post pandemic returns, the medium-term outlook remains subdued.

# YEAR 2022 LEADING TOWARDS GREEN REALTY

SUSTAINABLE DEVELOPMENT GOALS (SDGS) HAVE BECOME A NECESSITY FOR REAL ESTATE FIRMS. IN THE BACKGROUND OF THE PANDEMIC, REAL ESTATE INDUSTRY PLAYERS ARE FURTHER ENSURING SUSTAINABILITY MEASURES. YEAR 2022 SEEMS TO BE THE WATERSHED YEAR FOR INDIA TOWARDS ACHIEVING COP 26 GOALS.

STORY BY DEVEN

According to a Global Alliance for Buildings and Construction (GlobalABC) report, the residential, non-residential and building construction industry accounted for 36% of the global energy consumption in 2020. The three segments were also responsible for 37% of global carbon dioxide emissions. Lockdowns, a slowing economy, difficulties in maintaining and affording energy, as well as a downturn in construction contributed to the decline. Efforts to decarbonize the sector contributed little.

However, with the year 2022, the real estate business is off to a promising start, with many real estate corporations pledging to concentrate on lowering carbon emissions. The real estate sector has a vital role in achieving sustainable development goals (SDG). It is one of the few sectors that can contribute in both the short and long term to preserving the environment.

## THE BEGINNINGS

To discuss environmental measures, the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in 2021 brought 200 countries together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Alok Sharma, President COP26 had stated, "It is up to all of us to sustain our lodestar of keeping 1.5 degrees within reach and to continue our efforts to get finance flowing and boost adaptation."

At the summit, India pledged to achieve net-zero emissions by 2070 and achieving 50% electricity generation by renewable energy sources by 2030. Most experts believe that India's targets are achievable given that the country reduced its emission intensity of GDP by almost 12% between 2005 and 2010, and achieved a reduction of 24% between 2005 and 2016, as per the Ministry of Environment, Forest and Climate Change.

The real estate sector which is one of the biggest consumers of energy and a source of greenhouse gas emissions can play a critical step in fulfilling these promises. A green building can save 20-30% on energy,

and 30-50% on water. The intangible benefits of new green buildings include enhanced air quality, excellent day lighting, health and well-being of the occupants, and conservation of scarce national resources. The tangible benefits comprise enhanced employee productivity to reduced maintenance, and operational costs.



**BUILDINGS  
CONTRIBUTE  
TO ONE-THIRD OF  
GLOBAL GREENHOUSE  
GAS EMISSIONS AND  
CONSUME 40 PER CENT OF  
THE WORLD'S ENERGY. THE  
CONSTRUCTION SECTOR IN  
INDIA IS RESPONSIBLE FOR  
ABOUT 22 PER CENT  
OF THE TOTAL CO2  
EMISSIONS.**

**ACCORDING  
TO JLL, PRICES  
OF HOMES THAT HAVE  
INSTALLED ELECTRIC  
VEHICLE (EV) CHARGING  
STATIONS ARE EXPECTED  
TO BE 2-5% HIGHER IN  
NEWLY CONSTRUCTED  
BUILDINGS AND  
UPWARDS OF 1%  
IN EXISTING  
BUILDINGS.**

## THE PRESENT

According to Indian Green Building Council, currently there are 7,002 registered projects and a 7.97 billion square feet green building footprint across India. This also shows the rising demand from end user for eco-friendly buildings.

The National Real Estate Development Council (NAREDCO) has assured to take steps towards creating awareness and adoption of green buildings across the country, saying that India can be a global leader in this respect by next year. Likewise, Confederation of Real Estate Developers Associations of India (Credai), plans to focus on affordable housing, green buildings and skill development among construction workers.

Since the launch of the Green Homes Rating, IndiaGBC has signed MOUs with the Confederation of Real Estate Developers Association of India (CREDAI), Builders Association of India (BAI) and National Housing Bank (NHB), two of India's largest building associations. As part of these MoUs, IndiaGBC has trained over 20,000 professionals in green building concepts.

## THE FUTURE

As per International Energy Agency's (IEA's) India Energy Outlook 2021 report, India is yet to build most buildings that will exist in 2040. The country will need over 50 billion square meters of residential floor space in the next 20 years due to urbanization.

At present, the residential space is less than 20 billion square metres. 270 million people are likely to be added to India's urban population between now and 2040. This demonstrates the huge scope for Indian building and construction sector to get it right in terms of environment friendly development.

**INDIA RANKS ONLY SECOND AFTER THE US IN TERMS OF THE NUMBER OF GREEN TECHNOLOGY PROJECTS AND BUILT-UP AREA. AS PER ESTIMATES, INDIA'S GREEN BUILDING MARKET WILL DOUBLE BY 2022 AND REACH 10 BILLION SQ FT.**

**IT'S AN ON-GOING PROCESS, AND THE INDIAN REAL ESTATE IS TAKING MEANINGFUL STRIDES TOWARDS SUSTAINABLE DEVELOPMENT. YEAR 2022 WILL SEE EVEN MORE DEMAND FOR GREEN BUILDINGS AND THE REAL ESTATE DEVELOPERS ARE ADOPTING NEW TECHNOLOGIES & PRODUCTS FOR BUILDING GREEN REAL ESTATE OF THE FUTURE.**

Many government buildings in the country have chosen to opt for a LEED certification. Many state governments are offering incentives to the developers for the project's green rating system and government agencies are encouraging property buyers to go for sustainable buildings.

In addition, new initiatives for the built environment were released by the Bureau of Energy Efficiency (BEE) that ranged from a revised code for buildings, an extensive training program for architects and engineers on building energy codes and an online directory of green building materials.

In the commercial real estate segment, until recently, green buildings was seen as the responsibility of the property owner or developer but, now even the tenants or occupiers are demanding environment friendly buildings with features contributing to health and wellness.

In affordable housing segment, there are many low-cost techniques that are being deployed such as the use of recyclable products that are locally available that not only address the embodied energy and carbon footprint issue, but also help in bringing down the cost of the development.

As also evident in latest real estate trends, the 'walk to work' concept with coexistence of offices and homes are striking a perfect social, economic and ecological balance. The preference of homebuyers for mixed use townships offering facilities and amenities within the complex also leads to a vehicular free surroundings and lesser carbon emissions.

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# HARMONIOUS BALANCE OF TECHNOLOGY & ARCHITECTURE

HAVELLS INSIGNIA PRESENTS ADEX: A SERIES ORGANIZED BY REALTY+ MASTERCLASS FEATURED ONE OF THE FOREMOST TALENTS IN THE REALM OF INDIAN ARCHITECTURE, **ARCHITECT REZA KABUL, PRESIDENT REZA KABUL ARCHITECTS** SPEAKING ABOUT THE TECHNOLOGY EMPOWERED BUILDING DESIGNS & CREATIVITY.

**A**rchitect **Reza Kabul** while sharing his insights on the use of technology in the design industry concurred that over the years the technology has drastically changed the way designers work. "From use of drawing boards to computers, the journey had not been without its challenges, but the adaptation was swift and transformation is ongoing."

Stating the biggest advantage of new tech software in the design segment architect Reza Kabul added, "The introduction of sophisticated design software such as BIM and 3D modelling have benefitted the designers immensely as their creations moving from two dimension of paper sketches can be seen in three dimension. We can observe it from all angles and can infer the impact of sunlight on façade from various angles to its positioning in overall surroundings. This has made decision making easier and the imperfections can be corrected at the design stage itself."

Elaborating on the other influences of technology on design and construction, architect Reza Kabul stated, "Only because of the advanced materials available, it is now possible to envisage complex designs and tall

superstructures. The speed of construction has become faster with automation of construction processes, pre fab technology and building materials like ready mix concrete etc. With latest systems, we are also able to utilize spaces more efficiently. For instance, we used automatic parking system in a small plot of land in one of the posh areas of Mumbai where luxury residential tower was constructed. The parking space was necessary and we were able to provide the same in spite of the space constraint only because of the availability of technology systems."

Architect Reza Kabul added, "The buildings now being constructed not only display smart features but are becoming intelligent and can sync the building functions as per the occupancy needs. Dynamic facades is one of the example of how a building can change the façade as per the daylight to maximize energy efficiency,

**Vivek Yadav, Senior Vice President, Havells India Limited** joining the conversation added that indeed technology and sustainability are now going hand in hand. "IoT connected building systems and appliances are now increasingly being used in commercial buildings and are finding their way in residential segment also. Smart home



automation and mobile connected devices have made life easy and appliances and fittings more efficient in use of precious resources like water and electricity.”

Vivek Yadav also mentioned one of the exciting projects by architect Reza Kabul located in Sri Lanka. Elaborating on the same, architect **Reza Kabul** shared, “Altitude” situated in Colombo is a structure dedicated to the winners of 1996 Cricket World Cup. The building facade was designed with a ball balanced between four bats to commemorate the achievements of the Sri Lankan cricketers with signature residential along with Indoor Cricket Facility, Hall of Fame, Museum, observatory and Specialty Restaurant. The team selected Colombo as the location for this project. The mixed-use project is an amalgamation of residential units with retail outlets and public space. The building was a tribute to the 1996 World-Cup winner team of Sri-Lanka and would generate revenues for the retired cricketers.”

Further, speaking on the pandemic induced design transformations, architect Reza Kabul said, “One of the biggest change that we have seen is the return of balconies in the residences. People till now to get maximum square

**In the building industry, the technology adoption has been uneven among various stakeholders from designers, contractors, engineers etc. Everyone will have to be equally tech savvy to work on technology platforms together and be able to take forward new innovations.**

feet in their homes, would cover the open areas to include in rooms. Now they realize the importance of having an open area. A small study room is also figuring in client’s wish list that they can use as office or kids study area. We are now designing residential buildings with business centres and work pods in clubhouses to provide work space away from home for residents. These are some of the biggest changes that we have seen recently and I believe these trends are here to stay for next year or more.



## HIGHEST PRICED NFT

Pak's 'The Merge' was bought by 28,983 collectors for a total of almost \$100m. The Merge officially became the most expensive NFT ever sold on December 2, 2021, with almost 30,000 collectors pitching together for a total cost of \$91.8m. This is the only NFT to have multiple owners, and it shows in the crazy price tag on it.

## THE LARGEST MALL

New South China Mall (6.46 million sq ft) in Dongguan, China, is the largest mall in the world based on gross leasable area. The mall features seven zones modeled on international cities including a replica of the Arc de Triomphe and a canal with gondolas. It also has an indoor-outdoor roller coaster. What it doesn't have is customers. It has been nicknamed the largest ghost mall in the world.



## MOST LUXURIOUS ISLAND

Musha Cay in the Bahamas costs around \$37,500 a night for bringing up to 12 guests along. It's super gorgeous and is one of the top most expensive islands in the world to enjoy extraordinary scenic views of nature and indulge in adventurous water sports.

## THE MOST EXPENSIVE HOTEL

At \$150,000 a night, the Lover's Deep Luxury Submarine Hotel is the most expensive hotel in the world. The submarine/hotel is located in St Lucia and can be navigated around the Caribbean to suit its guest's requirements. You'll get 5-star accommodation beneath the waves which includes, own captain, private chef and butler, speed boat transfers to and from the submarine, and optional add-ons, like helicopter transfers, beach landings and champagne-soaked breakfasts.



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