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REAL ESTATE MARKET PREDICTIONS

2023

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PRESENTS



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AWARDS 2023

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PANORAMA

by ANNURAG BATRA

Editor-in-Chief

HOPE AND DETERMINATION TRIUMPHS DIFFICULTIES

The challenges of the last few years are in the past, the present has been kind and the future holds high hopes of success and prosperity.

With those words in mind, I wish everyone a sparkling New Year and New Beginnings!

Indian economy despite the global slump, held its ground and stayed on course. The same has reflected in the real estate sector that survived the difficulties. We are in the first month of the year and all the industries and sectors are now pinning their hope on the upcoming budget to propel them towards a growth trajectory.

The recent RBI statement stresses that India's macroeconomic stability will continue and it will maintain its position as the fifth-largest economy in 2023. India has also surpassed China to become the most populated country in the world with the distinction of having sixth of the world's working population.

India will surpass Japan and Germany

to become the third-largest economy by 2027, according to a report by Morgan Stanley. And India is predicted to have the largest stock market by 2030.

With this background, real estate industry too anticipates that 2023 will be a crucial year for growth and expansion. The biggest challenge will be the impact of the global recession on Indian job market and consequent economic fallout.

The Union Budget 2023 is most likely to be focused on infrastructure development, digitalization, and incentivizing new-age production and energy transition. India will also look at capitalizing on its demographic strength (working population).

With macro-economic factors remaining stable and favourable policies in the budget, the expectation are that Indian real estate industry will thrive and attract more foreign investments.

This New Year, I wish you all to embark on new adventures and bring glory to the nation.



Realty+

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FROM THE EDITOR'S DESK



Once again it's that time of the year, when the citizens are anxiously awaiting the Union Budget for 2023–24 that will be presented by Finance Minister on February 01. Understandably to counter the rising Fed hikes in USA, the budget emphasis will be on strengthening the economy, while also focusing on the long-term development.

The year opened on a high note for the real estate and the sector is looking forward to policies encouraging ease of doing business. Hopefully, the finance Minister will be able to walk the tight rope between a rationalized tax regime and achieving aggressive targets for the next fiscal.

Wishing all our readers a Prosperous New Year!

Sapna Srivastava

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IN BOX



READER'S CONNECT

In the budget, it is imperative to update the affordable housing policy by revising the price capping so that it can be in sync with the market dynamics of different cities. This move will also enable more homes to qualify for affordable housing. The price range of up to Rs. 45 Lakh under affordable housing across India's metro cities such as Mumbai is definitely something that needs to be brought into focus, where an upward range of Rs.85 Lakh or more seems more appropriate.

Devanshu Bansal
Director, UK Realty

I feel that government should recognize Co-working under special programs like REITs and provide some tax benefits. A lower TDS rate and reduced rate of registration and stamp duty to register documents will give a fillip to co-working spaces. There is also a need for a reduction in the GST rate for start-ups, loans to co-working firms against the cash and investment benefits to investors of these co-working spaces.

Arjun Gulati
Co-Founder Easydesq

In the year 2022 we have seen demand increase in the residential sector as compared to the last few years. Besides, the year was difficult for the commercial segment but it has picked up speed now and will continue in 2023 too. Also, the SCO segment has attracted many buyers this year. We are hopeful that along with the residential segment, commercial and SCO will also see a good percentage growth in 2023.

Ritu Ahlawat
CEO, InvestinPRO

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BUDGET SPECIAL
BUDGET 2023:
PEOPLE, ECONOMY & REAL ESTATE

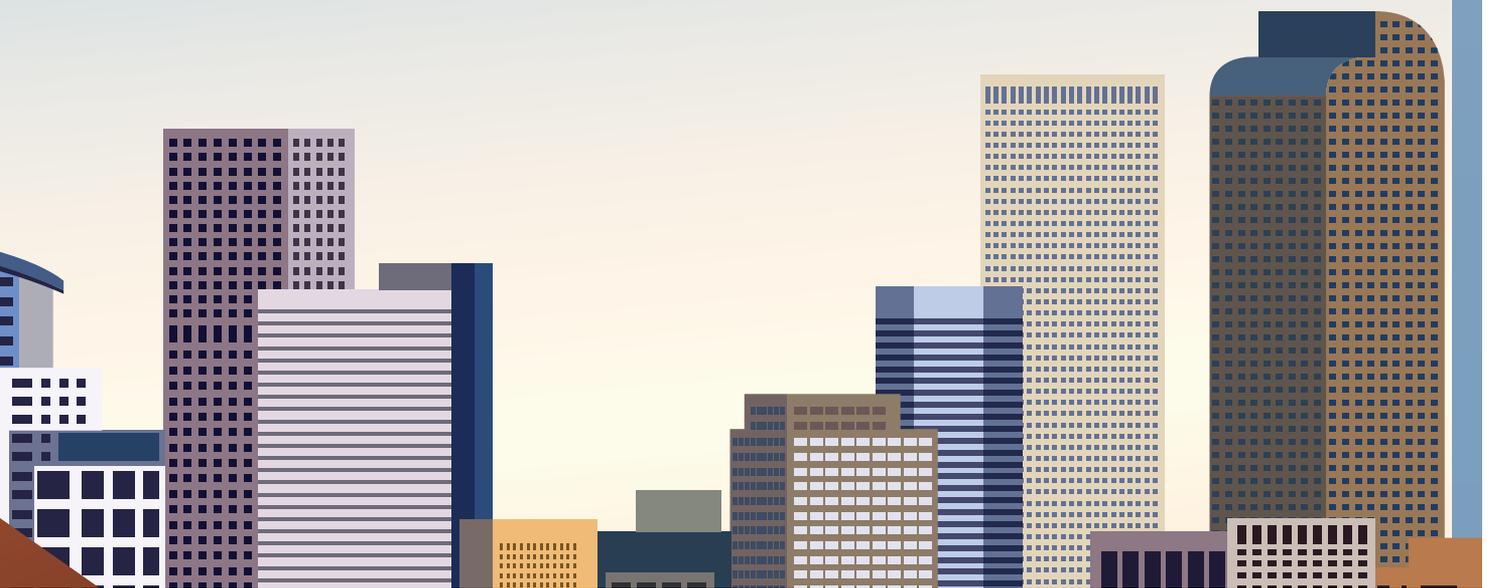
A graphic featuring several Indian 5000 rupee banknotes. The word 'UNION' is written in red above the word 'BUDGET' in large white letters. Below the graphic, the text 'BUDGET SPECIAL BUDGET 2023: PEOPLE, ECONOMY & REAL ESTATE' is displayed in yellow and white.

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IN FOCUS

INDUSTRIAL & WAREHOUSING DEMAND UP 8% YOY IN TOP 5 CITIES

The year 2022 saw 24.5 million sq ft of industrial & warehousing demand, up 8% on a YoY basis across the top 5 cities in India. Average quarterly leasing during 2022 remained strong at 6.1 mn sq ft from 5.7 mn sq ft in 2021. Third-party logistics players (3PLs) remained the top occupier of warehousing space, contributing to about 44% of the total demand in the sector during 2022.

Delhi-NCR led the demand during 2022 with a 36% share, followed by Pune at a 23% share in total leasing backed by robust demand from 3PL, engineering & electronics players. Tauru road and Luhari saw a majority

of the demand in Delhi-NCR, while Bhamboli continued to attract industrial and warehousing occupiers in Pune.

As per Colliers, the fundamentals remain strong for India's Industrial demand and Production Linked Incentive (PLI) schemes announced for key sectors by the government are expected to further boost local production fueling demand for organized industrial spaces and warehousing facilities. China plus one strategy is gaining more vigour and global companies are keen on shifting their manufacturing focus to India as part of their de-risking strategy. This would be a key trend

to watch out for this year.

While demand remained robust in 2022, the markets remained restricted with supply. During 2022 there was about 19 mn sq ft new supply, a 20% decline YoY. Developers went slower with new supply as the cost of construction remained volatile during the year. They remained cautious and awaited pre-commitments. Consequently, this led to a drop in vacancy levels amidst robust demand. Overall vacancy levels lowered by 2.4pp during the year and stood at 9.4%. With limited new supply and robust demand, rentals across the key micro markets witnessed an increase in 2022.

GOVERNMENT TO ADOPT PRE-FAB MATERIALS IN CONSTRUCTION

As per Union Minister of State for Road Transport and Highways Gen VK Singh, India is working towards ensuring that most of the construction related materials are pre-fabricated barring those used in foundations for bridges among others.

Singh said the usage of pre-fabricated materials will lead to the sustainable development of infrastructure and roads in particular. Pre-fabricated materials generate lesser pollution and ensure optimal use of other raw materials.

The Minister pointed out

numerous efforts taken by the government on decarbonizing they include the adoption of alternatives and flex fuels, green highways, airports running on renewable energy, hydrogen cell, technology, and electric vehicles and PM Gati Shakti plan.

NEWS IN FOCUS NEWS

REAL ESTATE CONSTRUCTION INCREASED IN 2022

Real estate developers increased the pace of construction during 2022 with 4.02 lakh housing units getting completed across seven major cities namely Mumbai Metropolitan Region (MMR), Delhi-NCR, Pune, Bengaluru, Hyderabad, Chennai and Kolkata as compared to 2.79 lakh homes in the previous year, according to Anarock.

As per the data, the completion of housing units was highest since 2017. About 4.02 lakh homes were completed in 2022 across the seven cities, a 44 per cent increase from 2021 level when around

2.79 lakh homes got completed. Of the total completed homes in 2022, the highest were in Mumbai Metropolitan Region (MMR) at 1,26,720 units, almost 80 per cent more than in 2021 when 70,500 units were completed.

In Delhi-NCR, the project executions fell marginally to 86,300 units in 2022 from 86,590 units in the previous year. Pune saw 84,200 units completed in 2022, against 46,080 units in the previous year. Bengaluru, Hyderabad, and Chennai combined witnessed completion of 81,580 units last year against 63,870 units in 2021.



SNIPPETS

RBI EXPECTED TO SLASH BORROWING COSTS

Slowing growth and easing price pressures may prompt India's central bank to slash borrowing costs starting in August of this year.

INDIAN STEEL CONSUMPTION GREW 11.5% IN FY22

India's steel production and consumption grew 5.7% and 11.5%, respectively, during the first nine months of FY22 (April to December), CareEdge Research said in a report.

IIT MADRAS RECYCLE WASTE CONCRETE WITH SOLAR ENERGY

The Indian Institute of Technology, Madras researchers have developed a treatment process involving solar thermal energy to recycle construction and demolition debris.

UK PROPERTY MARKET TO BE BUYER'S MARKET IN 2023

One Global Group believes the market conditions in the year ahead makes it an ideal time for investors in Asia to purchase a home in the UK.

SOUTH KOREA HOME PRICES WORST FALL IN 19 YEARS

House prices in South Korea fell 1.98% in December, the fastest drop since 2003, data from the Korea Real Estate Board showed.

NEWS IN FOCUS

MAJORITY DEVELOPERS EXPECT HOUSING PRICES TO INCREASE IN 2023

As per the Developer Sentiment Survey conducted by CREDAI, Colliers, and Liases Foras, about 58% of the developers pan India expect housing prices to increase further in 2023. The rise in prices is likely to be led by robust demand for homes in the Indian market and at the same time, volatile key input costs. The report explores different perspectives of developers on how the residential sector spanned out in 2022 and which transects the sector is likely



to take in 2023.

Raw material costs have surged significantly in the last two years due to global supply chain disruption,

which has led to inflationary pressures. About 43% of the developers saw a 10-20% rise in project costs in 2022 compared to 2021 amidst rising input costs. This is in line with Colliers' construction cost Update: November 2022, which states that the cost of key construction materials has jumped about 32% in a span of three years. This has led to increased costs of construction for the developers.

DELHI-NCR MOST FAVOURED COMMERCIAL REAL ESTATE IN 2023

Rise Infraventures, in its latest report on Commercial Realty cited that Delhi-NCR Real Estate market is going to witness great appreciation of commercial real estate returns and rentals, in both, retail as well as office spaces.

Delhi-NCR is quickly emerging as India's real estate hotspot, spurred by rapidly expanding start-ups and MNCs who are eyeing to establish their offices and data centres in NCR.

Because of the positive trend, leasing activity is picking up in the region's commercial real estate market. Besides, the retail sector in Delhi-NCR, experienced a strong recovery in Q2 2022, sparked by new leases and store openings, and increased demand for office co-working spaces.

The growth trend is more noticeable in Gurugram, where the commercial real estate market is seeing increased investment from

prestigious investors, and industry giants, suggesting Gurgaon Retail Sale Price to overtake Delhi Retail Sale Price for the first time in 2023, and expected to touch 2,40,000 sq. ft. While retail spaces are set to witness an appreciation of 20 per cent; Retail rental income is expected to breach 15 per cent mark; and Office spaces are expected to witness a price appreciation of 18-20 per cent in 2023, highest in Gurgaon.

HYDERABAD'S HIGHEST HOUSING SALES IN 2022 SINCE 2011

Hyderabad's housing market saw a continuation of robust sales activity in 2022, with a 28 percent year-over-year (YoY) increase in housing sales volume. A total of 31,046 units were sold in the city throughout the year, the highest number of sales recorded in the city since 2011. There was also a substantial increase in new housing unit launches in Hyderabad, with a 23 percent YoY increase in the number of units launched. Developers added 43,847 new units to the market in 2022, capitalising on the positive sentiment among homebuyers. The year 2022 saw many new projects being launched by the developers in the city.

According to a report by Knight Frank, Hyderabad's housing market saw strong growth in the second half of 2022, with sales of 16,353 units, a 32 percent YoY increase over the same period in the previous year. Total launches in H2 2022 also grew by 18 percent YoY to 22,491 units.

A majority of the new housing units were launched in West Hyderabad, with about 61 percent of the total units being located in this area. Tellapur, Kollur, Gandipet and Narsingi were among the locations that saw the most development activity. Northern parts of Hyderabad also saw a slight increase in its share of total sales, going from 18 percent in H2 2021 to 19 percent in H2 2022.

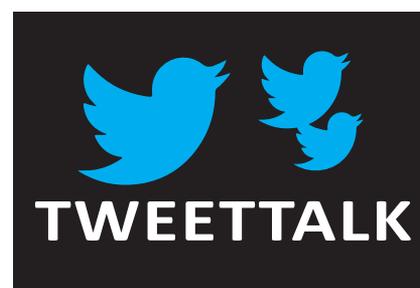
ONLY 7 MN WOMEN AGAINST 50 MN MEN IN INDIAN REAL ESTATE

There is evidence of a wide gap in gender participation in the real estate industry. Only 7 million women in India are employed in the real estate sector as compared with 50 million men.

The report released by Primus Partners in collaboration with World Trade Center India Services Council (WTCISC) shows women's participation in various sectors and shows, occupations such as nursing, elementary and middle school teaching, social work, counseling, and HR comprised 19 percent of India's female workforce in 2021

as compared with the global average of 46 per cent.

The report recommends detailed policy changes to improve workplace safety, provide gender sensitive training, mandate female representation and encourage specialized innovation and investment funds to improve integration of women, among others. Also, to be addressed is the growing need for closing the gender pay disparity and discussing skilling as an initiative for women to move up the value chain from daily wage laborers to transition into more technically advanced roles.



@narendramodi

India is building top quality infrastructure, which is benefitting all sections of society.

@FinMinIndia

The National Hydrogen Mission will give us a quantum leap in meeting our #energy demand and move towards energy independence.

@WorldBank

Weak investment growth dampens potential growth, is associated with weak trade, and makes achieving development and climate-related goals more difficult.

@PiyushGoyal

India's startup ecosystem which is the third largest in the world, is becoming the growth engine of India's economy.

@wef

Over 110 economies have reached a new agreement cutting red tape and simplifying #SustainableInvestments across all sectors of the economy.

@Secretary_MoHUA

I look forward to seeing commendable initiatives from the cities, operationalizing the practice of 3R - Reuse Reduce Recycle.

**COVER
STORY**



REAL ESTATE MARKET PREDICTIONS FOR 2023

THE INDIAN REAL ESTATE MARKET HAS REMAINED STABLE DUE TO THE HUGE LATENT DEMAND. THE YEAR 2022 SAW A NEW HIGH IN THE PROPERTY MARKET. AND YEAR 2023 IS PREDICTED TO CONTINUE THE GROWTH STREAK, GIVEN THE MACROECONOMIC MARKERS REMAIN POSITIVE.

By: Sapna Srivastava

The Indian real estate sector exhibited strong resilience and rebounded from global economic headwinds, unfolded due to the pandemic shocks. The residential real estate sector witnessed a surge in the real demand for homes from the end users, resulting in record high actual sales on the grounds.

According to **Sanjay Dutt, MD & CEO, Tata Realty & Infrastructure Ltd**, “The Global Economic sentiments and market volatility haven’t affected the Indian real estate market all that much yet. The pandemic stoked the aspiration among NRIs to own a home back in India. It acted as a pecuniary security and made them feel





“A MAJOR REASON THAT ENCOURAGED LAKHS OF INDIANS BASED IN OTHER NATIONS TO OWN A HOME IN INDIA WAS THE DEPRECIATING VALUE OF THE INDIAN RUPEE. SINCE 2018 THE RUPEE HAS BEEN ON A FALLING TREND.”
SANJAY DUTT



“THE CHOICE OF INVENTORY AVAILABLE AND INNOVATIVE FLEXI FINANCING SCHEMES DOLED OUT BY BANKS & FIIS AUGURED WELL FOR BUYERS IN THE PRIMARY AS WELL AS SECONDARY PROPERTY MARKET.”
DR NIRANJANA HIRANANDANI

connected to the country. Another reason that encouraged lakhs of Indians based in other nations to own a home in India was the depreciating value of the Indian rupee. Since 2018 the rupee has been on a falling trend. The pandemic and geopolitical tension in a way had a positive impact on the Indian residential sector.”

Dr Niranjana Hiranandani - MD- Hiranandani Group said, “The demand rally was powered by underpinned homeownership sentiment, low interest regime prior to subsequent hikes, accommodative stance of the developers due to deal sweeteners and property price began to rise. The choice of inventory available and innovative flexi financing schemes doled out by Banks & FIIs augured well for buyers in the primary as well as secondary property market. The NRIs & HNIs were skewed towards luxury spacious homes to capitalize on currency depreciation advantage and also invest in housing asset as a safe net amidst geo-political crisis. Investors sought rescue by reorienting their investment back into real estate assets amidst volatility in capital markets. The market consolidation trend led to increased market share of branded and organized players in the sector. The sales

momentum remained buoyant despite sporadic economic contamination in FY 22.”

Harsh Lambah, Country Manager India, Vice President Sales – South Asia, IWG expressed, “Over the last two years, enterprises have steadily shifted towards hybrid working, to align with shifting workforce preferences. As a result, ‘hybrid-working’ is now a solution for millions, as they divide their working hours between their company headquarters, a local flexible workspace, and their home – boosting corporate productivity while also creating a more sustainable way of working for both people and the planet. During this time, many employees have grown to prefer and opt for hybrid work practices, which has resulted in increased work life balance and a happier and healthier work force. This led to greater demand for flex spaces in 2022, with many corporates, enterprises as well as MSMEs seeking an ideal workplace solution that would support their growth plans.”

Thirumal Govindraj, -Senior MD & Member - Executive Board, RMZ Corp shared, “The commercial real estate sector performed better than expected in 2022, particularly in the first two quarters. During this time, we



“OVER THE LAST TWO YEARS, ENTERPRISES HAVE STEADILY SHIFTED TOWARDS HYBRID WORKING, TO ALIGN WITH SHIFTING WORKFORCE PREFERENCES. AS A RESULT, ‘HYBRID-WORKING’ IS NOW A SOLUTION FOR MILLIONS”
HARSH LAMBAH

witnessed nearly 70-80 per cent absorption. However, in the third quarter, there was a slight slowdown. This was due to many businesses deferring decision-making to the following year.”

Pradeep Aggarwal, Founder & Chairman-Signature Global Group, Chairman-ASSOCHAM, National Council on Real Estate & Urban Development stated, “The year 2022 can be best summarised as a year that saw the Indian real estate industry emerge more resilient in the wake of global disruptions, and inspired confidence in both Indian and international investors. Real estate sector being a major contributor to India’s GDP needs more focus from the government. There is no doubt that real estate, particularly the residential segment, has bounced back strongly post pandemic. Driven mainly by pent-up demand, stable price and historical low interest rates on home loans, sales in the top 8 cities crossed pre-COVID levels in the year 2022. Furthermore, with government relaxing and widening the scope of public policies, 2022 saw significant progress in ensuring stalled infrastructure development projects reaching closer to completion.”

Rajesh Jaggi, Vice Chairman – Real Estate, Everstone

HOMEBUYERS HAVE RECALIBRATED THEIR CONSUMPTION BEHAVIOUR AND PREFERENCES SUBSEQUENT TO THE COVID PANDEMIC RUDE SHOCKS. AS THE GOVERNMENT LOOKS TO RECONSIDER THE LOSS SET-OFF LIMIT UNDER THE INCOME TAX HEAD OF HOUSE, PROPERTY THERE IS A DEFINITE POSITIVE MARKET SENTIMENT IN THE INDUSTRY. IF THIS LIMIT IS INDEED REMOVED OR ENHANCED, IT WILL SPUR INVESTORS IN THE SECTOR AND HAVE A CASCADING EFFECT IN SUPPORTING THE RENTAL HOUSING MARKET AND HELP MEET THE RISING HOUSING DEMAND.

Group speaking about the year 2022 mentioned, “It has been a good year overall for the logistics sector, backed by new initiatives and policies from the government such as the National Logistics Policy (NLP), which was introduced with the primary aim of making the country’s logistics ecosystem more efficient. We are confident that the NLP, along with the PM Gati Shakti master plan and numerous state level initiatives will help in establishing a robust logistics network in India. In addition, the multilateral and bilateral partnerships signed by India will increase market access across the world for India-specific goods.

Through 2022, we saw these government initiatives significantly enhance the ease of doing business and lead to the development of several sunrise sectors in India like renewables, Electric transport, and more. Alongside this the global ‘China plus one’ manufacturing strategy and PLI initiatives are transforming India into a Global manufacturing hub across key sectors. In line with the PM’s vision of ‘Make in India, Make for world’!

Developers are rapidly diversifying their portfolios by building in-city warehouses, adding dark storage facilities, and providing built-to-suit models in high growth Tier II and Tier III markets to support last-mile deliveries. The past year also brought significant growth for us at IndoSpace and we have an existing portfolio of 46 parks and 51 million square feet across pan India and are strengthening our offerings across major markets.”



“THE COMMERCIAL REAL ESTATE SECTOR PERFORMED BETTER THAN EXPECTED IN 2022, PARTICULARLY IN THE FIRST TWO QUARTERS. DURING THIS TIME, WE WITNESSED NEARLY 70-80 PER CENT ABSORPTION.”
THIRUMAL GOVINDRAJ



“REAL ESTATE SECTOR BEING A MAJOR CONTRIBUTOR TO INDIA'S GDP NEEDS MORE FOCUS FROM THE GOVERNMENT. THERE IS NO DOUBT THAT REAL ESTATE, PARTICULARLY THE RESIDENTIAL SEGMENT, HAS BOUNCED BACK STRONGLY POST PANDEMIC.”
PRADEEP AGGARWAL

THE HITS AND MISSES OF 2022

Dr Niranjan Hiranandani said, "The real estate industry witnessed exciting developments in the past year. The kickstart of historic Dharavi redevelopment was one of the biggest hits in the year with an investment of Rs. 20,000 crores in an attempt to create more livable and sustainable communities for 58,000 families. The SWAMIH fund came as a relief for the industry with a fund of Rs. 15,000 crores, handing over 20,000 houses in a single year. The year also clocked in robust sales numbers in the luxury and ultra-luxury housing market, breaking previous records indicative of the growing wealth in India. The housing market witnessed a record sales number of 3.6 lakhs units being sold in the top 8 cities despite 5 consecutive rate hikes- a strong indicator of multi-year bull run cycle for the residential real estate market. The fiscal stimulus from the Government would have further bolstered the consumption demand and accelerated the growth pace. Input tax credit in GST is a long awaited relief to the industry where cost of borrowings has soared up on the back of monetary tightening."

Harsh Lambah stated, "The hit for 2022 was that, while

uncertainty prevailed in the majority of the world, India emerged from the worst of the pandemic and economic activity picked up steam. A miss that is being addressed is a fantastic opportunity to provide greater availability of flex spaces in tier 2 and tier 3 cities. IWG is currently present in 7 tier 2 cities and the plan for 2023 and beyond is to expand our network through our franchise and partnership strategy in these as well as new tier 2 and tier 3 cities with our existing as well as bring in new brands."

Pradeep Aggarwal expressed, "The greatest hits of last year were the government subsidies on registration stamp duty and commendable incentives like affordable housing loans spurred by an expansionary RBI repo rate. It was heartening to see the fiscal policy and monetary policy work in tandem to bolster the Indian real estate industry and revitalise the Indian economy after the slowdowns witnessed during the pandemic. In terms of misses, the GST rates on vital construction material needs significant restructuring. Given that cost of construction has gone up significantly in the last couple of years, in order to support real estate, especially affordable housing segment where margins are thin, the government should think



“THE PAST YEAR BROUGHT SIGNIFICANT GROWTH FOR WAREHOUSING SEGMENT AND WE ARE STRENGTHENING OUR OFFERINGS ACROSS MAJOR MARKETS.”
RAJESH JAGGI

THE RESIDENTIAL SECTOR, DESPITE THE PRICE INCREASE, IS LIKELY TO CROSS OVER 3,00,000 UNITS FY22-23. EVEN TIER-2 & TIER-3 CITIES HAVE SHOWN SUBSTANTIAL GROWTH. IN THE OFFICE MARKET SPACE, DESPITE LESS THAN 50% OF THE WORKFORCE HAVING RETURNED TO OFFICES, IT HAS WITNESSED 40 MILLION SQ. FT. NET ABSORPTION. THE SERVICED OFFICE IS WELL OVER 10% OF THE OFFICE ABSORPTION, THE HIGHEST EVER. HIGH STREET & SHOPPING CENTRES HAVE CROSSED PRE-COVID LEVELS IN TERMS OF TRAFFIC AND SALES. WAREHOUSING AND LOGISTICS ARE TOUCHING 30 MILLION SQ. FT. ANNUALLY. SEVERAL NEW ENTRANTS HAVE TAKEN UP THE DATA CENTRE BUSINESS AND THEIR UNDERWRITINGS HAVE CONVERTED TO COMMITMENTS.

of rationalizing GST rates. It should be brought down to single digits on construction materials like those that steel, cement, tiles and so on. The fact that the current slabs and deductions limits have not been changed for many years, it is high time that the government should revisit these limits and make appropriate amendments.”

Sanjay Dutt was of the view, “The value of the real estate sector is expected to reach \$1 trillion by 2030, up from \$200 billion in 2021, and at that point, it would have contributed 13% of India’s GDP. In one year, the Indian real estate market saw transactions involving 1,700 acres of land in the top seven cities. In this sector, foreign investments totalled \$10.3 billion from 2017 to 21. All of these signs are positive and should be taken as such. Also, with the Energy Conservation (Amendment) Bill passed recently, which places a core focus on sustainable development, the overall quality of residential and commercial projects will be keeping climate change in mind. This, however, could cause an upward migration of the prices of real estate. The housing segment, which drives economic growth and underpins the whole real estate industry, is predicted to have one of its most

exceptional and probably best years ever.”

Rajesh Jaggi shared that the logistics and infrastructure sector witnessed more hits than misses in 2022. “The industry was able to rise to new heights despite the massive changes and challenges in the aftermath of the pandemic. While the pent-up demand over the past two years was a key element, the manufacturing sector also helped the logistics industry achieve considerable growth, thanks to the mutual demand and supply.”

“Overall, we believe that 40-45 million sqft absorption for the year is a positive sign for commercial real estate in India. In addition to this, we observed that businesses are looking for flexibility within their office spaces to quickly scale up and down as the situation requires. We expect the emphasis to shift to optimising office spaces, “added **Thirumal Govindraj**.

THE NEW SHIFTS IN REAL ESTATE

Dr Niranjan Hiranandani stated, “The transformation genesized hybrid way of living with lifestyle oriented towards holistic way of living. Consumers expect a better integration of space and service in the real estate

industry for sublime customer experience. The trend of digitalization and automation technology has penetrated into every aspect of business and consumer purchase cycle. Demand for sustainable development is gaining ground among investors as well as homebuyers. An impetus to infrastructure development will augment last mile connectivity to the new economic nodes of development that will boost real estate growth. Demand for commercial office spaces has rebounded as companies resume back to office status with growth and expansion plans in place. Growth of alternative asset classes like Industrial and Logistics, Data Centres, Flex spaces, student housing will see an uptick, nudging demand for rental housing subsequently."

Rajesh Jaggi said that to adhere to the rapidly growing consumption demands in India, investors will adapt to newer objectives and different attitudes. "As per a sector report, India will need to meet 223 million square feet of Grade A warehousing demand with an investment of around \$3.8 bn over the next three years. India is rapidly on the path to becoming the most preferred manufacturing hub worldwide. Manufacturers need ready, cost-effective, and world-class industrial facilities, which opens opportunities for the industrial warehousing sector to play an integral role and provide plug-and-play industrial facilities.

This rapid growth will further encourage digitization of trade, outsourcing to professional 3PLs and consolidation of different distribution channels. This will in turn continue to generate demand for Institutional Grade A warehousing across Tier 1, 2 & 3 geographies. This is seen in the growing share of Grade A infrastructure among India's Warehousing footprint of ~330-340mn sq. ft. These factors will only act to further strengthen this position."

Harsh Lambah looking at trends for 2023 said. "It's clear that yet more change is on the way, as many working lives are impacted by innovations and new thinking in areas such as sustainability, technology, recruitment, and productivity. Productivity is an ever increasing a priority for businesses, especially in uncertain economic times. Co-working operators will invest in a variety of technologies, user interfaces design and devices, improved security access, and much more. Similarly, they will invest in advanced work management software to improve customer comfort and safety. Surveys increasingly show that people want to work near to where they live.

A recent IWG poll of Gen Z workers (who are set to make up more than a quarter of the global workforce by



2025) found that 85% want to be able to use an office close to home. In a separate IWG survey, 77% of workers said a place to work closer to home was a must- have for their next job move. As a result, there will be a clearer move towards more flex options, the emergence of tier 2 and tier 3 cities as major coworking hubs and increasing investments in technology to support customer experience and needs."

Pradeep Aggarwal stated, "With interest rates on home loans now moving upwards, a lot depends on the upcoming Union Budget 2023 to support and sustain the housing demand in the year 2023 and beyond. As the direct and indirect tax collections are witnessing significant growth and the fiscal deficit is expected to come down. This should promulgate a paradigm shift in the real estate going forward. While the problems associated with unsold inventories has reduced significantly in the last year, the problem related to stalled projects was still a cause of concern. A major pivot by the government has been the reallocation of more funds under the stress fund SWAMIH. Additionally, subsidies provided under the Credit Linked Subsidy Scheme (CLSS) has been a big saving and motivation, especially for low-ticket housing demand. This has led to a major revitalization of the "Housing for All" mission."

Sanjay Dutt added, "The Indian real estate industry has met investor expectations and has persevered through

**GOING FORWARD,
WE EXPECT FASTER
ADOPTION OF ADVANCED
TECHNOLOGIES SUCH AS
ARTIFICIAL INTELLIGENCE
ACROSS CONSTRUCTION,
SALES, MARKETING AND
TRANSACTIONS AND
MACHINE LEARNING IN
THE SECTOR.**



recent market ups and downs. Had it not been for the recession, the residential sector could have fared much better. Yet, India remains to be among the few countries with the highest GDP growth.”

EXPECTATIONS FOR THE SECTOR

Rajesh Jaggi expressed his expectation of further expansion 3PL and e-commerce sector to encourage a higher demand for grade A warehousing facilities. “Additionally foreign investments in the sector are likely to surpass last year’s inflow. For developers, expansion in Tier II and Tier III markets will continue to be a core focus given the fact that the main applicants for warehousing, including manufacturing, retail, healthcare, construction, and technology, are set to grow enormously in the coming years. In fact, recent trends suggests that India’s real estate market size is expected to touch US\$ 1 trillion by 2030, which I truly wish for the industry to achieve at the earliest.”

Dr Niranjan Hiranandani shared, “Real Estate industry pegs to grant an infrastructure status that enables the developers to avail long term cheap credit amid inflationary pressure. Tax rationalization and a single window approval system will foster cumulative growth of the labor-intensive real estate sector. Technology integration, Upskilling the workforce and

fluid business strategies that can encompass rapid global evolution to stay ahead of the curve will be crucial for industry players. Timely policy restructuring and law amendments to accommodate trends shaping up industry developments will help to keep the sector on an upward growth curve.”

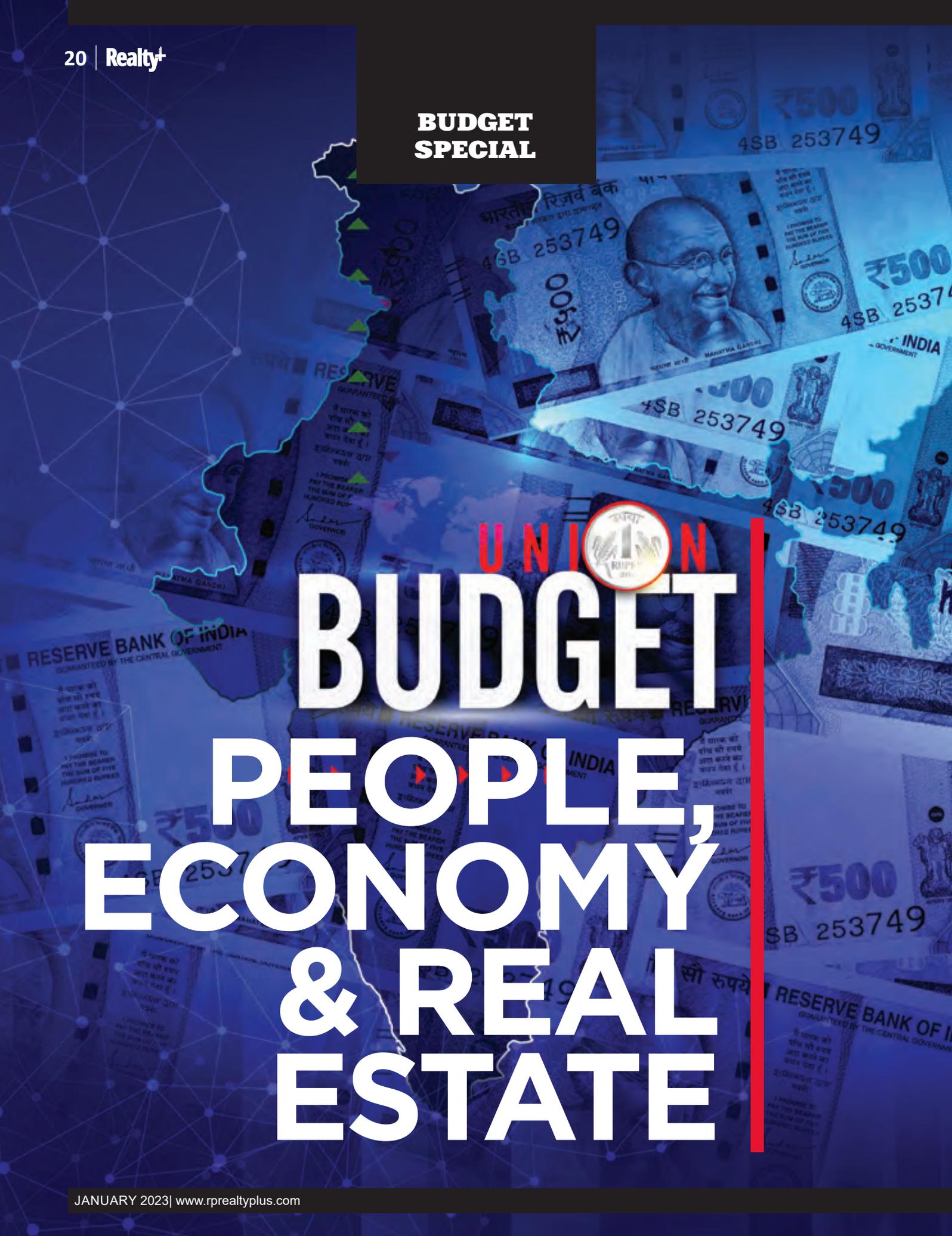
Harsh Lambah said, “My wish is to offer more flex solutions to all segments of customers through more locations, Brands as well as expanding our national network to more tier 2 and tier 3 cities. My hope and plan for IWG is to contribute towards more environmental, social and governmental sustainability to make our planet a better place and bring positive change in our professional and personal lives. Adopting the hybrid model enables companies to make progress under six of the UN’s 17 sustainable development goals.”

As per **Sanjay Dutt**, “With the increase in job growth and a rebound from the current stock market decline, the Indian economy is likely to expand by 6.9% in 2023. Many analysts believe that the self-sustaining nature of the sector coupled with the growth potential of the Indian economy, optimistic expectations, and upward momentum will persist in the future year.”

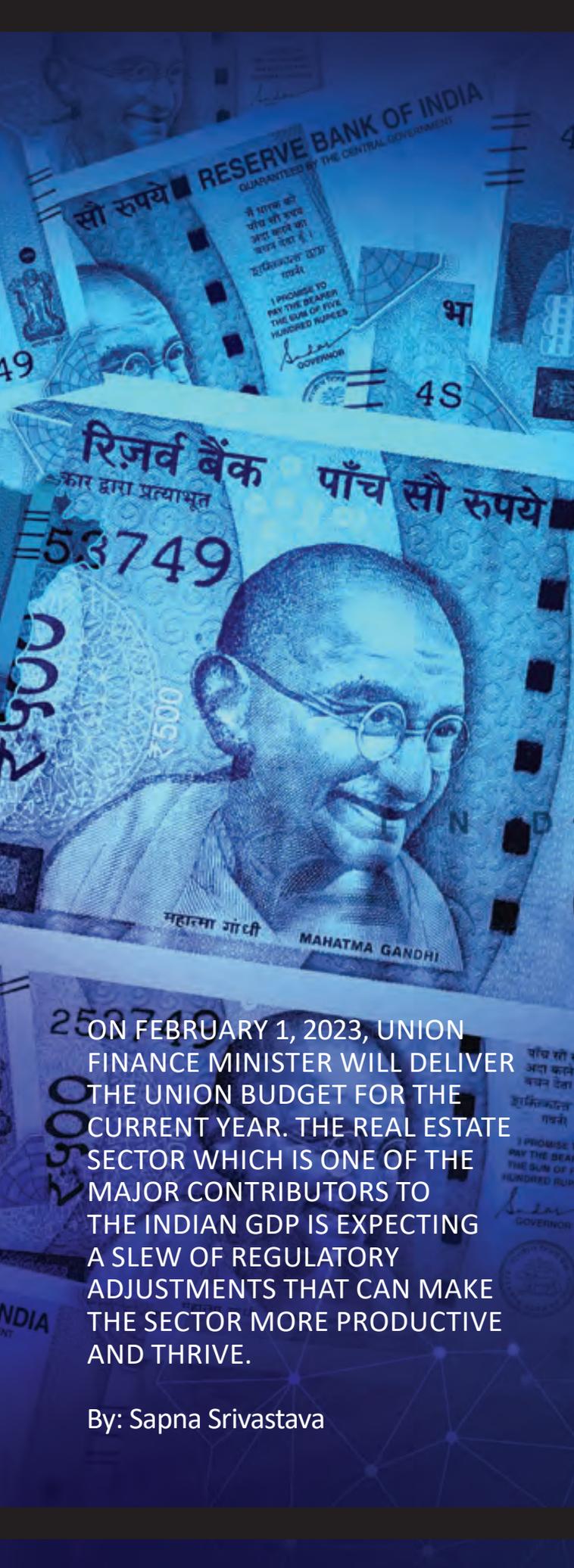
Pradeep Aggarwal stated, “At the top of the wish list has been the enhancement of the income tax deduction limit against home loans interest payment. With interest rates going up and inflation affecting the finances of taxpayers, we hope the government will certainly look into this long pending demand and raise the deduction limit. Additionally, the entire interest should be allowed as a deduction, especially in the affordable housing segment. Most home buyers have is a separate section for deduction against home loan principal repayment. Currently, section 80C is cluttered with too many avenues, which qualify for deductions under the same section. Very few people are left with scope to claim deductions for home loan principal repayment under section 80C. So, a separate deduction against home loan principal repayment can be a game changer for the real estate sector.”

“There has been an increase in demand for office spaces ranging from 50K to 100K sqft. As we begin the year 2023, we anticipate that things will take off in the mid-first quarter. Many businesses are looking at India and setting up offices. If everything turns out well and there are no surprises in the form of new lockdowns or major COVID-related issues, gross absorption of 50-55 million square feet could be expected in 2023,” added **Thirumal Govindraj**.

**BUDGET
SPECIAL**



UNION
BUDGET
PEOPLE,
ECONOMY,
& REAL
ESTATE



ON FEBRUARY 1, 2023, UNION FINANCE MINISTER WILL DELIVER THE UNION BUDGET FOR THE CURRENT YEAR. THE REAL ESTATE SECTOR WHICH IS ONE OF THE MAJOR CONTRIBUTORS TO THE INDIAN GDP IS EXPECTING A SLEW OF REGULATORY ADJUSTMENTS THAT CAN MAKE THE SECTOR MORE PRODUCTIVE AND THRIVE.

By: Sapna Srivastava

From easing of tax load on home buyers and developers to working on affordable and rental housing, the sector is hoping for favourable policies and ease of doing business. The developer's bodies have recommended amending or removing certain sections of the Income Tax Act and incentivising business entities and individual investors looking to invest in the sector.

National Real Estate Development Council (NAREDCO) emphasizes on granting infrastructure status to avail long term cheap funding as this interest rate sensitive sector is grappling with inflation led high cost of credit borrowings. It also states, "In order to accomplish the goal of Housing for all, real estate developers should be encouraged to create surplus rental housing with tax incentivization. Industry recommends increase in standard deduction in Rental housing up to 50% and incentivize service rental apartments by allowing accelerated depreciation. Also, tax on notional income from house property held as stock in trade needs to be waived off completely to boost real estate investment. In addition, cap on affordable housing should be capped up to Rs1 cr in metro cities as broader spectrum of homebuyers can avail the benefit of CLSS scheme."

The Confederation of Indian Industry (CII) has pitched for a cut in personal income-tax and a bump up in public spending in its pre-budget wish list. The industry body suggested raising capital spending to 3.3-3.4% of GDP in FY24 from 2.9% currently with an aim to increase it further to 3.8-3.9% by FY25. It has stressed on the need for revitalising the investment as well as consumption demand.

Confederation of Real Estate Developers' Associations of India (CREDAI) expects that the budget should reflect upon the aspirations of developers who are still tiding over the turbulence caused by the pandemic. The most crucial demand is to give tax relief to developers to expedite the completion of stalled projects and the most recurrent demand is to bestow industry status to the real estate sector. It has sought an increase in the deduction limit on home loan interest to Rs 5 lakh from the current Rs 2 lakh. This would not only give some extra disposable income in the hands of middle-income homeowners but would also attract prospective homebuyers to buy a home.

CATALYSE REAL ESTATE DEMAND AND SUPPLY

The real estate sector has remained on the growth path in 2022, a trend which is likely to continue in 2023 as well. India's economic fundamentals have remained strong compared to other economies. Going forward, strong domestic demand would drive economic activities supported by investments by the private sector, government incentives and reforms that seek to improve the overall business climate.

Anshuman Magazine, Chairman & CEO - India, South East Asia, Middle East & Africa, CBRE stated, "In the past, during challenging times, businesses have looked at India as an attractive, resilient, and cost-effective investment destination to contain costs. India has a unique advantage of large and youthful labour market and has risen in global business environment ranking and continues to be an attractive market for investors globally. Nevertheless, we expect to see the impact of global headwinds on the real estate decisions of occupiers that will have relatively short-term implications as the



"IN THE PAST, DURING CHALLENGING TIMES, BUSINESSES HAVE LOOKED AT INDIA AS AN ATTRACTIVE, RESILIENT, AND COST-EFFECTIVE INVESTMENT DESTINATION TO CONTAIN COSTS"
ANSHUMAN
MAGAZINE



"THE BANKS AND NBFCS SHOULD BE STRENGTHENED TO ENSURE THAT THE INDUSTRY CAN RAISE FUNDS FROM THESE INSTITUTIONS."
VENKATESH
GOPALKRISHNAN

resilience and continued attraction of the Indian market are expected to curtail this impact to a large extent. The real estate sector is pinning its hopes on the upcoming budget, and we are optimistic that a combination of enabling government policy measures and positive consumer sentiment will fuel the demand for real estate."

Venkatesh Gopalkrishnan, CEO, Shapoorji Pallonji Real Estate expressed, "Currently, the industry is witnessing a stabilisation in terms of sale numbers, which had risen during the fiscal year 2021-2022, and in a few quarters of 2022 as well. However, the market is settling down, and numbers are returning to pre-pandemic levels. This is where we are hoping to get a relaxation

on the home loan cap of Rs 2 lakhs to be increased to Rs 5 lakhs per annum. This tax benefit will motivate homebuyers to invest further and increase revenue. Additionally, the government should also consider reducing income earned from long-term capital gains. We also urge the government to waive off the notional rent, which is taxable on a second completed, non-self-occupied property. Even the repo rate hike has slowed down sales in the last few quarters. However, we are hopeful that it won't be the case in the new financial year. The rate of income tax should be in line with the corporate tax rates, and we sincerely urge for it to be standard at about 25 per cent across the board."

Ashish Puravankara, MD, Puravankara Limited added, "Strong demand for homes has helped the residential real estate market recover in 2022. However, additional steps are needed in the upcoming budget to maintain the demand momentum. The mid-income and affordable segments need a boost from the government to promote ownership, which can be looked at in terms of direct tax breaks for homebuyers. For developers, the Government must push through input tax credit (ITC)

under the Goods and Services Tax (GST) regime. This will also help ease housing prices. Additionally, accepting the long-pending demand of giving industry status for real estate will help strengthen the sector immensely. The government must also look at the very definition of affordable housing. We can no longer go by the standard definition of 60 sq metres as affordable housing, and this needs a relook to encourage first-time home buyers. Furthermore, the government needs to implement a fast-track mechanism for providing clearances required for project completion on time. This will enable the developers to meet delivery deadlines."

FINANCE FOR DEVELOPERS

The real estate sector is focused on sustaining the current growth graph, and further impetus can be given when both homebuyers and developers are encouraged through policy initiatives, improved finance availability and taxation environment in the upcoming Union Budget.

Amarjit Bakshi, CMD, Central Park stated, "To incentivise home



"TO INCENTIVISE HOME PURCHASES, THE GOVERNMENT MUST CONSIDER RAISING THE TAX DEDUCTION LIMIT FOR INTEREST ON HOUSING LOANS TO RS 5 LAKH FROM THE PRESENT LIMIT OF 2 LAKH PER ANNUM FOR ALL HOMEBUYERS"
AMARJIT BAKSHI

purchases, the government must consider raising the tax deduction limit for interest on housing loans to Rs 5 Lakh from the present limit of 2 Lakh per annum for all homebuyers. The government must establish city-wise unit size criteria for housing to factor in the realities of the micro market so that a lot of homebuyers can purchase homes. Besides, the developer community expects the government to address issues like GST, finance, and policy rationalisation; address the sector's long pending ask of granting industry status and facilitate single-window clearance. Timelines for quick approvals by the government will ensure faster construction and delivery of housing projects. Similarly, awarding industry status to the sector holds the key to procuring easy financing."

Venkatesh Gopalkrishnan said, "As one of the important measures to support the industry, the government should put aside more funds under the stressed fund SWAMIH, as it will help improve consumer sentiment and residential activity. The banks and NBFCs should be strengthened to ensure that the industry can raise funds from these institutions. The policies should be widened so that stuck projects can be completed and there is liquidity available for developers by delivering timely accommodations, thus ensuring fines can be curtailed by huge margins."

Manoj Gaur, President, CREDAI NCR and CMD Gaurs Group shared, "To begin with, there should be a separate deduction for principal repayment as currently clubbed under section 80(c). It should be raised from the existing Rs. 1,50,000 limit. There is also a need to redefine affordable housing from the current ceiling of 45 lakhs in urban and 30 lakhs in non-urban to take into account the inflationary factors. Further, the carpet area should also be increased to 90 sqm in the metros and 120 sqm in non-metro cities without any price cap. Long-term capital gains on capital assets should also be taxed at 10%. The



"ADDRESS THE SECTOR'S LONG PENDING ASK OF GRANTING INDUSTRY STATUS AND FACILITATE SINGLE-WINDOW CLEARANCE."
ASHISH PURAVANKARA

holding period should be reduced to 12 months in line with the holding period of other capital assets like listed equity shares and equity-oriented mutual funds. The sector would also like the FM to extend exemption under Section 80C to REIT investments starting with Rs. 50,000. The period of holding for units of REIT should be reduced to 12 months (as applicable for listed shares) to qualify as a long-term capital asset from the current 3 years. The deduction under Section 24 (b) on housing loan interest in the case of individuals with respect to the first self-occupied property should be allowed without any limit or at least capped at Rs 5,00,000 in respect of the self-occupied property. A single window clearance system should also be introduced in real estate as taking approvals from numerous authorities disproportionately increases the cost and time from concept to commissioning. The rising input costs, specifically cement and steel, should also be controlled. Besides, industry status should also be conferred on real estate."



"TO BEGIN WITH, THERE SHOULD BE A SEPARATE DEDUCTION FOR PRINCIPAL REPAYMENT AS CURRENTLY CLUBBED UNDER SECTION 80(C). IT SHOULD BE RAISED FROM THE EXISTING RS. 1,50,000 LIMIT"
MANOJ GAUR



"INTERVENTION IS NEEDED TO RATIONALIZE GST RATES FOR CONSTRUCTION MATERIALS LIKE STEEL AND CEMENT"
RAMESH RANGANATHAN

EASE OF DOING BUSINESS

Ramesh Ranganathan, CEO, K Raheja Corp Homes commented. "Firstly the real estate sector needs to be given industry status. We expect policies and reforms that will further boost the industry, like tax breaks, single-window clearance, encouragement of home purchase and rationalization of GST for raw materials. With the Government's emphasis on Housing, home purchase needs to be incentivised through higher tax deductions. The residential property holding period needs to be revised downward from 36 months to 12 months, for qualification as a long-term capital asset. To ensure a seamless balance of supply and demand, promote ease of doing business and drive further investments

into the industry, a single-window clearance system is the need of the hour. Intervention is also needed to rationalize GST rates for construction materials like steel and cement."

Amit Diwan, Senior Managing Director & Country Head, Hines India shared his perspective, "2022 was a great year for the luxury residential segment with an increase in demand for high-end properties, given the high level of affordability and post-COVID needs (renters wanting to buy, and owners wanting to upgrade or get a weekend/vacation home). In addition, the government's strong push for infrastructure development in Tier 2 cities is also driving growth in these areas, making them realty hotspots. Besides run-up in prices, the increase in mortgage rates during 2022 has increased the cost of home ownership. We believe increasing tax exemptions on home loans for homebuyers would maintain sustainable demand in 2023. Enabling single window clearances for project approvals would help developers simplify the entire administrative process to a large extent and enhance ease of doing business. With the government's continuous support, positive sentiments for real estate investments will continue in 2023."

Ramesh Nair, CEO, India and Managing Director, Market Development, Asia, Colliers stated, "While many expectations on the residential side can aid home buying, we believe that some push on the commercial office side will go a long way in overhauling and improving the ease of doing business. For instance, clarity on the proposed DESH Bill will give impetus to businesses catering to domestic demand. To achieve India's target of becoming a USD5 trillion economy by 2026, DESH hubs can play a huge role in strengthening the domestic manufacturing infrastructure. India's domestic consumption is growing by the year, and a pro-investor policy for investment hubs can take India's manufacturing abilities to the next level."

Venkatesh Gopalkrishnan added, "Currently, the sector is reeling from several permissions from various government authorities, and we urge the government to have all the approvals under a single-window clearance. We also expect the government to grant industry status to the real estate sector, which



"WHILE MANY EXPECTATIONS ON THE RESIDENTIAL SIDE CAN AID HOME BUYING, WE BELIEVE THAT SOME PUSH ON THE COMMERCIAL OFFICE SIDE WILL GO A LONG WAY IN OVERHAULING AND IMPROVING THE EASE OF DOING BUSINESS"
RAMESH NAIR

"THE RESIDENTIAL REAL ESTATE MARKET HAS BOUNCED BACK IN 2022 ON THE BACK OF THE ONGOING RESURGENCE IN DEMAND, FURTHER MEASURES SHOULD BE TAKEN IN THE BUDGET TO SUSTAIN THE DEMAND MOMENTUM"
SHISHIR BAIJAL



has been pending for a long time now. The home loan rates should be stabilised to enhance business opportunities. Along with this, the infrastructure in terms of good roads for developing new projects and for developing Tier II cities should also be considered, as it positively correlates

with the real estate sector."

"The real estate sector is among the large contributors to country's GDP and the second largest employer in the country. The sector drives over 200 industries right from manufacturing to services and any incentive extended to real estate can also stimulate all the ancillary industries. While the residential real estate market has bounced back in 2022 on the back of the ongoing resurgence in demand, further measures should be taken in the Budget to sustain the demand momentum," shared **Shishir Baijal-Chairman & Managing Director, Knight Frank India.**



"WE BELIEVE INCREASING TAX EXEMPTIONS ON HOME LOANS FOR HOMEBUYERS WOULD MAINTAIN SUSTAINABLE DEMAND IN 2023."
AMIT DIWAN

**BUDGET
SPECIAL**

RECOMMENDATIONS FOR UNION BUDGET 2023-24

STEPPING IN TO THE YEAR 2023, THE REAL ESTATE SECTOR HAS ITS OWN WISH LIST FOR THE FORTHCOMING UNION BUDGET 2023-24.

The real estate sector's expectations from Budget 2023 include concessions for property buyers to boost real estate sales and incentives for the sector so as to make project developments more affordable. The sector is also looking forward to infrastructure status, tax breaks, policy rationalisation and increasing the government backed funds to revive stalled projects that will revive the sector and homebuyers confidence.

FOR HOMEBUYER'S AFFORDABILITY

Focused tax deduction on principal repayment of housing loans (Section 80 C) - At present, Section 80 C of the Income Tax Act does not provide for a focused benefit on housing which is the largest and most important expense item for most taxpayers during their lifetimes. Even investors have numerous investment alternatives to choose from and the lack of exclusive tax benefit on the



principal amount of home loans makes them indifferent towards a house purchase. The limit of principal deduction on housing loans under Section 80C of the Income Tax Act (IT Act) 1961 stands at INR 1.5 lakh per annum. It is recommended that this be increased to at least INR 4 lakh per annum.

Separate tax deduction section on principal repayment of housing loans - Currently, homebuyers can claim an income tax deduction on the principal repayment of their home loan. The maximum amount of deduction that can be claimed is Rs 1.5 lakh per financial year. However, various deductions for other investments such as Public Provident Fund (PPF), equity-linked savings schemes (ELSS), and life insurance premiums. There is a need to increase the limit of Rs. 1.5 lacs and separate the Housing Loan repayment benefit and to be dealt with it separately. This not only spurs housing affordability and also stimulates savings.

Hiking home loan deduction limit under section 24 - The interest deduction limit under Section 24 of the IT Act on housing loan stands at INR 2 lakh per annum, respectively, to incentivize homebuyers. We recommend that the limit of INR 2 lakh per annum be increased to at least INR 4 -5 lakh per annum to boost affordability and housing sales.

Increase in tax deduction limit on home loan interest: Currently, homebuyers can claim an income tax deduction

on the interest paid on their home loan. The maximum amount of deduction that can be claimed is Rs 2 lakh per financial year for a self-occupied property. There is a need to provide financial benefits to home buyers to boost housing demand across mid and Affordable Housing and the benefit of Rs. 2 lacs could be evaluated to be increased to Rs. 5 lacs. Currently, notional rent on a second completed, non-self-occupied / let-out property is taxable. Homebuyers can save up to INR 2 lakh in taxation by offsetting their home loan interest against this notional rent. It is recommended that this tax be removed, or the INR 2 lakh limit be raised to drive capital toward the residential sector.

Relaxation of capital gains criteria - Long-term capital gains from the sale of house property are presently taxed at 20% through a special provision like Section 112 for equity shares. In addition, the period of holding of house property is currently 24 months to qualify as a Long-term Capital Asset (Section 54 of IT Act 1961). It is recommended that the tax rate be reduced from 20% and the holding period for a property be reduced from 24 months to 12 months so that there is no capital gains tax liability for the same. In addition, the cap of INR 2 crores on capital gains for reinvesting in two properties should also be removed.

Also, under section 54 of the Income Tax Act, long-term capital gains from sales of existing house can



be utilized in buying or constructing a new property. If the investment for exemption is done through an under-construction property, it can be claimed only if the construction of the property is completed within three years of sale of the earlier house. In addition, as residential projects are continuously increasing in scale in terms of number of units, height and amenities, which causes them to have completion timelines in excess of three years, this causes significant hindrances to homebuyers in setting-off capital gains in under-construction properties. To mitigate this, the completion timeline of under-construction properties be extended to five years instead of the existing three.

FOR REAL ESTATE SECTOR

Reintroduction of the section 80IBA registration timeline - Affordable housing project registration deadline to avail tax holiday under section 80IBA has lapsed. The 100% tax holiday for affordable housing projects under Section 80IBA, was available for projects which are approved till March 31, 2022. This section allowed developers to claim 100% tax exemption on profits subject to several qualification criteria including the approval deadline. Since this is arguably the most materially meaningful measure to boost the viability of affordable housing projects, it is important to revive this measure once again.

Boost required for rental housing in the affordable segment - 100% exemption for rental income up to INR 3 lakh for houses up to INR 50 lakh. This will encourage individuals to invest in the affordable housing segment which suffers a massive housing shortage. Given the low rent yields, owners of such houses avoid letting it out. This measure will directly incentivize such owners to rent out their houses to the targeted segment, augmenting the efforts to increase housing stock in this segment.

While the SWAMIH fund recently got a capital infusion of INR 5,000 crore. We recommend increase in its overall size to INR 50,000 crore. As post-COVID-19, last-mile funding to stressed housing projects has become imperative to boost residential activity and consumer sentiments. Additionally, we expect the affordable housing push to be sustained and carried forward.

Increase in the affordable housing price band - There is a need to relook and increase the current price band of Rs 45 lakh for a property to be considered under affordable housing. A price band of Rs 45 lakh or below is low in a city



100% EXEMPTION FOR RENTAL INCOME UP TO INR 3 LAKH FOR HOUSES UP TO INR 50 LAKH.

SWAMIH FUND RECENTLY GOT A CAPITAL INFUSION OF INR 5,000 CRORE. WE RECOMMEND INCREASE IN ITS OVERALL SIZE TO INR 50,000 CRORE



like Mumbai, Bangalore, or Gurgaon is too low and should be increased to be made according to the city's pricing and affordability. The limit needs a relook considering this hasn't changed for many years and ready reckoner price, raw materials cost has increased.

Parity of Capital Gains benefits between Real Estate and Capital Markets Investment - The tax on Long Term Capital Gains accrued from the sale of a property is higher at 20%, compared to equity shares. Also, the period of holding of house property for long-term capital gains is 36 months vis-à-vis 12 months for Listed Equity Shares. There is a need to bring Taxation parity for Real Estate Investments as compared to Equity Capital Markets products.



Taxation on Interest Income from REITs/ InvITs for Foreign Investors: Foreign portfolio investors (FPIs) would expect clarity in Budget 2023 on the tax to be paid on interest income earned from investments in real estate investment trusts (REITs) and infrastructure investment trusts (InvITs). FPIs are currently taking a conservative view and have been paying a higher tax of 20% for such income. This is because the amendment in the definition of ‘securities’ in the Securities Contracts Regulation Act (SCRA) extends to the units of REITs and InvITs as well. Interest income distributed by a business trust to non-resident unit holders attracts a tax of 5% plus applicable surcharge and cess as per the Income Tax Act. The

objective of introducing a specific tax regime for business trusts was supposed to boost investment in REITs and InvITs.

The External Commercial Borrowing (ECB) framework - The External Commercial Borrowing (ECB) framework, issued by the RBI under FED Master Direction No.5/2018-19, prohibits companies availing ECB from using the proceeds for construction or development of regular housing projects and there is ambiguity regarding their usage for acquisition of land for affordable housing projects. Therefore, to further enable growth in the real estate sector, it is recommended that these relaxations be provided under the ECB framework.

FINANCE



SHOULD YOU BUY YOUR DREAM HOME IN 2023?

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IS THIS THE YEAR TO BUY YOUR DREAM HOUSE? THE ANSWER TO THAT QUESTION IS A RESOUNDING YES! BELOW WE GIVE THE REASONS THAT YOU SHOULD GO FOR THAT FIRST HOME OR THE BIGGER & BETTER HOME AS WELL AS THE FINANCE ASPECTS TO CONSIDER WHILE PUTTING DOWN THE MONEY.

By: Sapna Srivastava

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Owning a home is indeed a decision of a lifetime for any person. An emotional and financial security, owning a home also elevates your social standing. No doubt, buying a house is an investment that many make only once in a lifetime, therefore there are some considerations that have to be kept in mind. The foremost being- is it the right time to buy property?

Year 2022 had come as bright spot in an otherwise negative scenario of past two years. People stranded in their homes realized how important a home is as a shelter. The government too incentivized people to invest in property through

various subsidies, the real estate sector and home financing companies followed suit.

The enticing times of 2021-2022 saw the lowest home loan interest rates in recent times, registration fee waivers, stamp duty cuts and stabilized property rates combined with developers offering best of the deals to sell their inventories.

For those who missed the boat in 2021, taking advantage of the lowest home loan interest rates, government sops and attractive developer's payment plans, this year could be the last chance to buy property at reasonable rates.

A GOOD TIME TO BUY PROPERTY?

The year 2023 is crucial for those who want buy their first home or upgrade to a bigger home. The developers are still absorbing the cost hike to keep the properties affordable, many new projects have been launched that gives more variety and competitive price choices to the buyers and most importantly, the home loan interest rates though higher than last year are still within the tolerable limits for most homebuyers.

But good times usually don't last long. There are no more sops available from the state authorities, property prices are steadily climbing given the surge in overall cost of construction, which will continue to rise due to

ACCORDING TO INDUSTRY REPORT, RESIDENTIAL PRICES ARE EXPECTED TO INCREASE NEARLY 7.5 PER CENT ALL OVER INDIA (4-5 PER CENT IN MUMBAI AND DELHI, 5.5-6.5 PER CENT IN CHENNAI AND BENGALURU).

uncertain global supply chain and impact of inflation on construction materials and labour. Home loan interest rates too are bound to go up as RBI is expected to increase the repo rate in a bid to control inflation.

So, this year offers the best opportunity to make good of

FACT CHECK BEFORE BUYING PROPERTY

• Figure Out your Budget & Affordability

- The first step towards buying a house is to know your budget. And the budget will depend on the monthly outgo that you can afford. Remember, a home loan is a long-term commitment of 20-25 or more years. Consider its impact on your finances over the long term and the percentage of the salary that can be accounted for your home loan EMI. A general rule to follow is to keep home loan EMI not more than 35% to 40% of your income, so as to have enough breathing space to meet other financial obligations. Ideally, all your loan EMIs including home, auto and other types of loans should not exceed 40% of your income.

• Know your CIBIL Score & Loan Eligibility

- A good CIBIL Score simply means swifter loan approval, more favourable interest rates, and modest eligibility and loan terms. CIBIL score is essentially a credit score offered by the Credit Bureau TransUnion that keeps a credit record of every Indian citizen. In India, the CIBIL score carries immense weightage for most of the financial institutions. It is a 3-digit figure ranging between 300 and 900 as per an individual's repayment history and credit handling tendencies. The best CIBIL Score for a home loan is 750 or more. Banks, and non-banking financial institutions (NBFCs) assess a loan applicant's creditworthiness and ability to repay the loan. One can usually get a home loan that is 60 times the salary. But a high CIBIL score can instantly help you enhance your home loan eligibility.

• Shop for the Right Property

- Once you have the basic financial preparation ready, look around for the best available property as per your budget and loan eligibility. Choose a home based on location and amenities that you would need as per your lifestyle. In case, buying a home as an investment, check the real estate forecast for the next 5 years and make sure you are not buying a property beyond your budget with an intention to sell it in a few years and repay loan as well as make profits. The markets are unpredictable. Also check,

PRICE RISE OVER PAST 5 YEARS

AVERAGE PRICE (RS PER SQ.FT.)

CITY	2018	2019	2020	2021	2022
KOLKATA	4,546	4,569	4,580	4,700	4,908
MMR	4,415	4,378	4,385	4,441	4,600
PUNE	5,455	5,495	5,510	5,640	5,867
HYDERABAD	4,128	4,185	4,195	4,293	4,520
CHENNAI	4,920	4,931	4,935	5,030	5,197
BENGALURU	4,894	4,961	4,975	5,122	5,382
AVERAGE	5,551	5,588	5,599	5,727	5,991

SOURCE: ANAROCK RESEARCH

if the builder and the project has banks approval. This means that the financial institution has also done their due diligence on the property and the developer.

- **Be Legally Safe** – Don't forget, before finalizing any deal, it is important to check all the permissions and sanctions on the project. Make sure the project is registered under RERA and the developer has a clear track record. The land/house/project title should be clear and free of encumbrances. The project master plans are approved by competent local bodies and government authorities. Also, get an estimate on the total cost of ownership, including brokerage, parking charges, stamp duty, registration charges, monthly maintenance charges, etc. A new trend is the home inspection by a qualified agency to be assured of the quality of the project structure and finishing. It is a good idea to get a legal expert to look at the documents to be certain of making the right investment. Experts also suggest taking a home loan Insurance Cover to cover the risk of an outstanding loan liability in case of unfortunate turn of events.

- **Find the Best Home Finance** – Various banks and NBFCs offer varied home loan rates and follow different eligibility conditions. Therefore, choosing the right lender and the most appropriate loan option

is a strategic decision. Apart from comparing the maximum amount one can borrow, the rate of interest and maximum loan tenure availability, the lender with lowest rate might not always be a best choice. Check if the interest is fixed or floating, what is the processing fee and pre-payment charges, as that differs from one lender to another. You may also get a pre-approved home loan that will give a greater clarity regarding the purchase budget. Seeking professional advice is recommended.

- **Plan the Loan & EMIs** – Lastly, making more down payment will reduce the loan burden. All banks and lending institutions grant 80% of the property value as loan. However, more you pay as down payment, more you will be able to save each month as EMI. Another factor to consider is the fixed rate or floating interest rate. Fixed-rate loans are up to 0.75% to 2% higher than floating rate loans. But, fixed-rate loan remains constant for the rest of the term while, the floating rate loan could go up when rates rise. Also, bank that has selected the repo rate as its external benchmark is preferable because the repo rate is driven by the regulator and does not change frequently, while other benchmarks are market-driven. You also need to choose between a longer tenure that reduces the EMI and a shorter tenure with higher EMIs, as per your affordability.

AVG. PRICE APPRECIATION BASIS TRALLING TWELVE MONTHS



Source: Anarock Research

the property prices before they get dearer and also utilize the competitive interest rates being offered by many banks and NBFCs this year, until the market dynamics change further.

Another reason to take the plunge, is the increasing volatility in the equity markets for the reasons of geo-political influences as well as domestic factors. Against these odds, residential real estate gives a stable investment option with a long term appreciation horizon.

HOW CAN BUDGET HELP

The wish list for all of us this year is that of diminishing of inflation and getting tax rebates in the budget. But if only wishes were horses!

If the budget eases the criteria for eligibility for home loans and for the down payment, it can be one of the big boosters, as it will make easier for home buyers to secure loans.

To counter the negative impact of increasing home loan interest rates that is making affordability a major concern for potential homebuyers, hiking the tax rebate on housing loan interest will help reduce the home loan burden.

Also, with the growing rise in prices, the same unit of housing has become costlier. This demands a change in affordable housing definition, so that the affordable homebuyers can avail the benefits. There is also a need to revise the definition of Metro cities for the calculation of House Rent Allowance (HRA).

A long standing demand has been the GST relief on under-construction and low cost housing projects, that will help make the housing cheaper for affordable housing buyers. To reduce this burden government can consider restoring Input Tax Credit (ITC), capping GST at 1% for under-construction projects and reducing raw material costs in the upcoming budget.





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FUNDING FOR DELAYED YET VIABLE PROJECTS

AT THE LAST COUNT, AS PER INDUSTRY REPORTS MORE THAN 4.8 LAKH UNITS WERE STUCK IN VARIOUS CONSTRUCTION STAGES ACROSS TOP SEVEN CITIES. WHILE GOVERNMENT HAS TAKEN THE INITIATIVE OF CREATING A SPECIAL WINDOW FOR AFFORDABLE AND MID INCOME HOUSING INVESTMENT FUND, GIVEN THE SCOPE OF NEED, MORE FINANCE OPTIONS ARE REQUIRED TO PROVIDE THE LAST MILE FUNDING TO STALLED REAL ESTATE PROJECTS.

By: Sapna Srivastava

Just taking in account major real estate markets - Delhi-NCR, Mumbai Metropolitan Region (MMR), Kolkata, Chennai, Bengaluru, Hyderabad and Pune, have incomplete units worth more than Rs 4.48 Lakh Crore. The scenario gets bleaker when other Tier II and III cities across the country are counted. Special Window for Affordable and Mid Income Housing (SWAMIH) Investment Fund of Rs. 25,000 Crore was created in 2019 to provide

last mile funding to projects which are net-worth positive and registered under RERA. The government has put in an additional Rs 5,000 crore into the SWAMIH Invest Fund-I to help the stressed realty investment platform achieve its final close at Rs 15,530 crore. SWAMIH I is managed by SBICAP Ventures, a unit of State Bank of India. SBI is also one of the fund's anchor investors along with Life Insurance Corporation of India. Other investors are HDFC Ltd and major





state-run banks.

With a target to complete over one lakh homes, the fund is presently appraising around 286 projects across more than 30 cities in India. The additional commitment will enable the Fund to continue to evaluate deals till December 2024.

REASONS FOR THE STALLED/DELAYED PROJECTS

There could be multiple internal and external variables that could potentially cause projects to get stalled/ delayed. As per **Alok Jha - Vice President & Head – Research, ASK Property Fund**, “One of the main causes of stalled / delayed projects are lack of liquidity and difficulties in obtaining additional working capital in case of slow absorption. Existing lenders have also been hesitant in providing additional working capital. Another major factors impacting project completions is unavailability of single window clearance. Developers have to seek multiple approvals which typically takes between one to two years. Projects could be delayed due to any of the approvals needed at various stages of a project lifecycle since there are numerous mandatory permissions for real estate projects that include commencement certificate, building layout approval, non-agriculture permission, several NOCs, environmental clearance wherever applicable, approval from water, electricity & fire fighting department, occupancy certificate, and many more.

Sometimes, unexpected policy shifts / NGT circulars, etc. are also responsible for delays. Post



ADDITIONAL ALLOCATION TO SWAMIH FUND AND EXTENDING THE PROTECTION AVAILABLE TO SWAMIH FUND TO OTHER LENDERS CAN REDUCE RISK WEIGHT OF LENDING FOR STUCK PROJECTS. FURTHERMORE, FOCUSING ON BRINGING INSTITUTIONAL FINANCE INTO THE NATION THROUGH A RELAXED ENTRY POLICY WILL ENHANCE THE CAPITAL FOR REAL ESTATE, WHICH WILL BENEFIT DEVELOPERS.
ALOK JHA

regulatory disruptions too may slow sales, impacting mid-sized builders with sizeable under-construction portfolios more than their larger peers primarily due to their limited ability to raise capital. Further, higher competition amongst themselves, prolonged litigations (e.g., buyers taking developers to NCLT), legacy of over-exposure, and external factors like construction ban due to pollution & environmental issues etc... have also affected developer’s ability to complete projects on time. The slow development of requisite infrastructure by approving/ development authority also adds to the delay in settlement and habitation.”

As per **Nihar Thanawala, Director, Real Estate, MO Alternate Investment Advisors Private Limited**, “Over the last decade, residential real estate has had a tumultuous ride which started with a phase of growth in both demand & supply in the initial few years from 2010 to 2013 as we emerged from the global financial crisis. Prices rose and demand reached a new peak during this period. As NBFCs loosened their purse strings, there was burst in liquidity which gradually led to new supply outstripping demand and eventually to prices stagnating across most cities. In late 2016, the country witnessed the landmark demonetization which was followed by a mix of regulatory reforms such as RERA & GST which set the sector on a path of organization and transformation like never before.

While smaller & unorganized developers struggled, organized & branded developers thrived. This period was followed by the IL&FS debacle in 2018 which created an

immense liquidity crisis leaving several developers and projects in a state of disarray. This resulted in several projects being delayed and some being stalled indefinitely. This also led to a huge trust deficit in the sector leading to shrinking demand, rising inventory and reducing prices. The onset of the COVID-19 pandemic in 2020 turned out to be the final nail in the coffin for many and an opportunity for a few as the sector witnessed consolidation across the board.”

Amit Goenka, MD & CEO, Nisus Finance added, “The major hurdle currently facing the projects that have been stalled is the lack of capital available to these projects for completion. Several projects have got stuck due to issues faced by NBFCs like DHFL, Reliance Capital etc who themselves were subject to insolvency proceedings. Banks have not been allowed to takeover these NPA accounts and hence new liquidity to take over these loans and complete such projects is not available through regular financing channels. Several of these stalled projects have also been prior to the implementation of RERA wherein buyers’ monies were siphoned off rendering many projects unviable, specially with increased input costs and inventories sold at historic prices. Projects of developers who have themselves become insolvent have stopped new sales and further financing in ongoing projects due to market perception of risk, bringing even viable projects to a grinding halt. Lastly projects have also got stuck due to changes in regulatory norms like change in environmental and development rules at the local, state or national level.”



NO SINGLE BANK OR FINANCIAL INSTITUTION OR GOVERNMENT BACKED FUND LIKE SWAMIH, COULD POSSIBLY MANAGE THE PLETHORA OF ISSUES AND RESOLVE THE MAMMOTH TASK AT HAND. GIVEN THE DISBURSEMENT OF SWAMIH OVER THE LAST FOUR YEARS, IT WOULD SEEM THAT SEVERAL SUCH SWAMIH STYLED AIF FUNDS WILL BE NEEDED TO OVERCOME THE BACKLOG ASSUMING NO FRESH PROJECTS GET STALLED.
AMIT GOENKA

CASH-STARVED DEVELOPERS NEED SOURCE OF LAST-MILE FUNDING AND DOMESTIC REALTY FUNDS ARE TAPPING THAT OPPORTUNITY. FINANCIAL CLOSURE, EXECUTION AND EXITS OF STALLED PROJECTS IS A WIN-WIN SITUATION FOR ALL - DEVELOPER, INVESTOR, HOME-BUYER AND THE SECTOR.

FUNDING OPTIONS FOR DISTRESSED PROJECTS

Any additional avenues of fund availability will help developers to complete projects on time and revitalize this segment (stalled / delayed projects). Developers are already benefiting from SWAMIH fund, a major driver in completing stuck projects.

Alok Jha added, “AIF is another major source of funding available for distressed / stuck projects. Apart from SWAMIH Funds, developers have funding alternatives predominantly from real estate private equity firms and NBFC’s. However, it has not been an easy journey in the last five years. Other options for providing indirect financing without exposing the project to debt or controlled debt and completing it include restructuring, joint ventures / acquisition of stalled projects, etc. The co-developer can also step in and bailout stalled/delayed projects to enable their completion.”

Nihar Thanawala shared his views, “Roughly a year after the IL&FS



SOME QUICK MEASURES TO INCLUDE:

- Designate a special fast track time bound court under IBC for real estate cases in all states of the country.
- Allow private fund managers to establish SWAMIH style AIFs with similar powers and rights including those enshrined in IBC.
- Provide judicial powers to RERA authorities to direct and penalize all agencies and authorities similar to a High Court.
- Create task force within EoW, ED or other investigative agencies to fast track and penalize embezzlement and criminal actions against errant developers
- RBI to direct banks and NBFCs to release NPA assets in housing to designated financial institutions or funds on a first charge basis to allow completion of these projects.
- Extend sovereign guarantee to capital employed of global funds willing to offer low-cost capital in completion of such projects.

debacle, the SWAMIH fund was set up to fund and complete stalled housing projects and deliver homes to customers. Since then, several projects have been funded and a few completed. While RERA plays an instrumental role in providing the right framework to protect home buyers' interests, government backed funds like SWAMIH provide capital, which is the lifeblood for stalled projects. An increase in similar government backed funds would certainly help the real estate sector. Apart from SWAMIH, special situations private equity and credit funds have played an active role in providing the required capital to distressed yet viable projects over the last 2 to 3 years. While this capital is priced on a more risk-adjusted basis unlike that of government backed funds, it has led to completion of several stalled projects over the last couple of years."

Amit Goenka expressed, "The Insolvency and Bankruptcy Code, 2016, has not been able to resolve more than 5% of the cases where a financial crisis has crippled any project. The efforts of RERA are bearing limited results since it is a quasi-judicial body with limited recourse against all stakeholders. Several projects lack data updating and transparency and orders of RERA are regularly challenged at the appellate and higher judicial levels delaying and sometimes even defeating the entire resolution process. The focus of

RERA has been more focussed at getting justice for homebuyers whose money is stuck through sanctions against the developer. The scale of the problem is huge, with almost Rs. 2 Lakh crores worth of projects needed to be rescued. The current corpus of the government backed SWAMIH Fund has yet to be fully deployed even after three years of its commencement. Hence more government backed funds may not

be the only solution to resolve these projects. A stronger judicial process or a fast-track court to resolve issues of stuck projects with higher weightage or rights been granted to government backed financial institutions who are willing to finance such projects will be most effective.

Viable projects can be financed through a change in developer wherein a large player bankrolls such distressed but viable project either through its balance sheet or along with its finance partner. Several asset resolution companies are also willing to take over distressed NPA projects from existing lenders and further capitalise their completion. Further it is also possible for promoters of such distressed projects to monetize their non-core assets and turn around stuck projects. Several global funds like Apollo, Varde, Oaktree and domestically funds like Nisus Finance have taken significant interest in special situations and employed several hundred crores to resolve distressed assets in conjunction with existing lenders. However, it is imperative for the existing lenders, promoters and homebuyers of such projects to allow new capital or lender or new developer to step in."

BRINGING BETTER LIQUIDITY IN REAL ESTATE

Historically, direct real estate has been one of the most preferred asset classes for investment in India. It has also been one of the foremost sources of capital in Indian real estate. However, over the last few years, stabilization of prices, withdrawal of certain tax benefits and increase in transaction costs have made direct real estate a somewhat lacklustre investment.



WHILE THE LAST FEW YEARS HAVE SEEN A GRADUAL RISE IN INVESTMENTS FROM GLOBAL PRIVATE EQUITY, CREDIT AND SOVEREIGN FUNDS, CONTRIBUTION FROM DOMESTIC REAL ESTATE FUNDS HAS BEEN NEGLIGIBLE. BETTER REGULATORY FRAMEWORK & RESOLUTION MECHANISM COULD ATTRACT SIGNIFICANTLY MORE GLOBAL CAPITAL INTO INDIAN REAL ESTATE AND FAVOURABLE GUIDELINES AND TAX STRUCTURES COULD LEAD TO MORE DOMESTIC FUNDS BEING RAISED IN FUTURE.
NIHAR THANAWALA

As per **Nihar Thanawala** a reduction in interest rates and re-introduction of certain tax benefits (second home) could provide a further impetus to demand for direct real estate and bring significant capital into the sector.

Alok Jha shared that government's reforms and policies will assist the real estate industry and aid to alleviate the market's liquidity bottleneck. He added, "Other measures could be reduction in reverse repo rate, special loans for delayed real estate projects, relaxing norms for default, etc. This move will help ease funding pressure in the housing sector, make it easier for developers to get capital, ensure that stalled projects get finished, stabilize the housing market, and lower systemic risk."

Amit Goenka suggests, "Constant tinkering with bankruptcy law or showing leniency to defaulting borrowers threatens the entire credit system. The solution must lie in attracting large scale foreign investment into the sector, with a highly regulated, transparent process, with a high degree of accountability at all levels supported by appropriate government apparatus. Litigation financing should be duly recognized in cash waterfall, so that affected stakeholders can approach the judicial process fairly. Wilful defaulters who have deliberately siphoned off public money from the projects should be severely punished and imprisoned and their assets liquidated to recover the missing money in the shortest time possible. The political will required for such tough measures is the key to the problem."

FEATURE



Non Resident Indians apart from maintaining some tangible connection to their roots through an investment in property in India, now have even more reasons to buy Indian real estate. The biggest shift happened during the pandemic. The concerns of healthcare and monetary stability led to overseas Indians considering India as a place of refuge – both for health and financial wellbeing.

The steady decline in the

strength of the Rupee against the US dollar, while disastrous for import dependant industries in India turned out be a sliver of hope for real estate sector. NRIs lapped up the opportunity to buy real estate in India taking advantage of the falling value of the Rupee and getting the assets at the most discounted rates. Luxury homes and integrated townships have received a major boost on account of NRI investment

NRIS ARE BUYING PROPERTIES BACK HOME EITHER AS AN INVESTMENT FOR CAPITAL APPRECIATION & RENTAL INCOME OR FOR SELF-USE DUE TO THE REMOTE WORK ARRANGEMENTS WITH THEIR COMPANIES OR WHEN THEY RETURN TO INDIA. HYDERABAD, DELHI-NCR AND BENGALURU ARE THE TOP THREE PREFERRED CITIES FOR NRIS FOR BUYING PROPERTY.



THE NRI RUSH STRIKING GOLD IN INDIAN REALTY

PROPERTY AS AN INVESTMENT IS GAINING TRACTION AMONG NRIS AND WHAT'S BETTER THAN BACK HOME WHICH NOW GIVES ADDED ADVANTAGES AS WELL.

By: Sapna Srivastava

YEAR 2022 OF NRI INVESTMENTS

NRIs living in countries with a stronger currency value against the INR, taking advantage of their money multiplying after conversion are investing in luxury home segment that not only yield a higher rate of appreciation, but also better rentals.

Vikas Wadhawan, Group CFO, Housing.com & PropTiger.com summarizing the year 2022 for the industry in terms of NRI investments said, "With the strengthening of

"NRI INVESTMENT IN INDIAN RESIDENTIAL REAL ESTATE HAVE SHOWN SIGNIFICANT UPWARDS MOVEMENT. DUE TO THIS TREND, THE SHARE OF PREMIUM PROPERTIES IN THE COUNTRY IN OVERALL SALES NUMBERS INCREASED ACROSS QUARTERS."
VIKAS WADHAWAN



their purchasing powers coupled with a generic demand drive during the year, NRI investment in Indian residential real estate have shown significant upwards movement. Due to this trend, the share of premium properties in the country in overall sales numbers increased across quarters. Buoyed by this trend, developers are also now focusing on launching premium projects, keeping in mind the specific requirements of this buyer segment."

Anupam Rastogi, Co-founder and CBO, NRI Sales, Square Yards shared, "2022 was an acceleration year for the real estate industry as homeownership sentiments witnessed a tremendous surge from the NRI community. NRIs were increasingly confident about the Indian markets as they looked more resilient and stable in spite of the war-induced global turmoil. NRIs lapped up bigger homes as devaluation of the rupee gave them a higher buying power, despite the hardening home loan rates. In a nutshell, the real estate industry altogether got the pace that it acutely needed."

PARADIGM SHIFTS IN NRI INVESTING IN INDIAN REALTY

Mumbai and Gurugram have been the top real estate markets attracting most investments from NRIs. They are investing in the luxury homes, resort-hotels, office spaces, premiere township apartments and commercial real estate.

Anupam Rastogi said, "Most NRIs returning home due to work-from-home arrangements are looking for larger apartments like condominium apartments and bungalows in 3-4-bedroom configurations to

2022 WAS AN ACCELERATION YEAR FOR THE REAL ESTATE INDUSTRY AS HOMEOWNERSHIP SENTIMENTS WITNESSED A TREMENDOUS SURGE FROM THE NRI COMMUNITY.
ANUPAM RASTOGI



suffice their home office needs. They also want their homes to be equipped with smart home features including touchless controls and air purification systems. Sprawling green spaces with jogging tracks, yoga and sauna facilities and well-equipped gymnasiums are some amenities that figure on every NRI's list now."

"NRIs buyers continue to fuel demand for premium housing with their increased willingness to pay for the best-in-class facilities they demand in a property. Even as some of the strongest housing markets across the world show signs of a meltdown, Indian realty shows resilience grown reflected in key performance benchmarks. Home purchase decisions by NRIs are now largely shaped by the coronavirus pandemic-caused behavioural and perception change. So aside from wealth generation, they are also viewing it as a means of long-term physical security," added **Vikas Wadhawan**.

FUTURE FORECAST

According to the property consultants, NRI investors eyeing

property in India will need to make timely moves if they want to cash in on the opportunity to turn their funds into lucrative investments. As per **Vikas Wadhawan**, for NRI buyers, it is a lot cheaper now to afford world-class residential structures with great investment potential. "The depreciation in rupee, greater availability of ultra-premium housing projects by branded developers, ease of home purchase were some of the biggest demand drivers in 2022. Further ease of doing business will make Indian realty unbeatable in terms of foreign investments."

"With rating agencies forecasting highest growth for India across the world, both metropolitan cities and smaller towns will attract more investments from wealthy NRIs into India's residential market. Moreover, NRIs have noticed the change in real estate functioning post-RERA, regulations around stamp duty and GST payments, leading to creation of a safe investment scenario for them," stated **Anupam Rastogi**.



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**SPECIAL
FEATURE**

RERA

REAL ESTATE (REGULATION AND DEVELOPMENT) ACT

Various measures have been taken by the Government to protect the interest of homebuyers from time to time and RERA ensures real estate sector operates in a transparent and an accountable manner. As per the latest information available with the Ministry, 32 States/ Union Territories (UTs) have set up the Real Estate Regulatory Authority under Real Estate (Regulation & Development) Act, 2016 (RERA).

A few of the important provisions of the act to protect the homebuyers include Section 4 of RERA that provides for compulsory deposit of seventy percent of amount

realised for real estate project from allottees in a separate bank account to cover the cost of construction and land cost. RERA also, inter alia, makes the promoter liable for refund of amount, with interest and compensation, in case developer fails to complete or is unable to give possession of apartment, plot, building to homebuyer; as per the terms of the agreement for sale.

Dhaval Ajmera- Director, Ajmera Realty Infra India Ltd & Secretary - CREDAI-MCHI, sharing the journey of RERA elaborated, "The Real Estate Regulation and Development Act (RERA) is a legislation that was enacted in India in 2016 with the aim of regulating the real estate

RERA AS SECTOR'S REGULATOR NOT STRANGULATOR

A REGULATORY MECHANISM FOR THE REAL ESTATE WAS A MUCH NEEDED STEP THAT WAS FINALLY TAKEN IN 2016 WITH THE SETTING UP OF REAL ESTATE REGULATORY AUTHORITY UNDER REAL ESTATE (REGULATION & DEVELOPMENT) ACT, 2016 (RERA). INDUSTRY EXPERTS SHARE THEIR OPINIONS ON HOW SUCCESSFUL THE BODY HAS BEEN IN DEFINING THE GROWTH OF THE SECTOR.

By: Sapna Srivastava

sector and protecting the interests of home buyers. The idea of a legislation to regulate the real estate sector in India was first proposed in the late 1990s. However, it took nearly two decades for the legislation to be passed. Enactment: RERA was enacted in 2016 and came into effect on May 1, 2017. The implementation of RERA was a gradual process, with different states and union territories issuing their own rules and regulations based on the Act. The implementation of RERA faced several challenges, including resistance from developers and delays in the establishment of regulatory authorities and appellate tribunals. Despite these challenges, RERA has had a

positive impact on the real estate sector in India. It has helped increase transparency and protect the interests of home buyers."

Parveen Jain, CMD, Tulip Infratech & Chairman, NAREDCO said, "RERA is the Real Estate Regulatory Authority which brings in more transparency, reliability and accountability between the buyers and developers. RERA addresses the various issues and problems faced by the buyers and fixes accountability and provides solutions in case of delay in projects or other matters. Due to RERA, now the buyers are not left hopeless in case of delay or incompleteness of projects as RERA provides

for redressal of disputes. RERA regulates the real estate sector, protects the interests of the buyers and provides solutions in various aspects, situations, problems and issues which may occur. Due to the enhanced transparency and accountability, the relationship between the buyers and developers is improving in terms of trust, faith and confidence if the projects are delivered on time giving the Clients' interests as the top priority which brings laurels to the developer's brand as well and brings in good name for the Real estate sector also as it becomes more organized."

As per **Sarthak Bhansali, Partner, S S Bhansali & Co LLP**, "Over half a decade has passed since the implementation of the Real Estate (Regulation &

"AN ACT TO ESTABLISH THE REAL ESTATE REGULATORY AUTHORITY FOR REGULATION AND PROMOTION OF THE REAL ESTATE SECTOR," READS THE PREAMBLE OF THE RERA ACT. LEGISLATORS MADE IT ABUNDANTLY CLEAR THAT THE RERA AUTHORITY WAS ESTABLISHED NOT ONLY TO REGULATE BUT ALSO TO PROMOTE AND DEVELOP THE REAL ESTATE SECTOR, JUST LIKE SEBI WAS ESTABLISHED TO REGULATE AND DEVELOP THE SECURITIES MARKET.

"RERA AUTHORITIES SHOULD BE GIVEN ADEQUATE STAFF TO EXPEDITE THE IMPLEMENTATION OF ORDERS UNDER THE PROVISIONS OF THE ACT. IT'S ALSO NECESSARY TO HAVE A MECHANISM IN PLACE TO IMPLEMENT THE QUASI-JUDICIAL ORDERS ISSUED BY THE AUTHORITY LIKE THE RECOVERY OF MONEY FROM THE DEFAULTERS AS ARREARS OF LAND REVENUE. CLOSE COORDINATION WITH THE REVENUE OFFICIALS AT ALL LEVELS CAN ALSO BE VERY HELPFUL FOR THIS PURPOSE. THE PROVISIONS OF THE ACT SHOULD ALSO BE MADE MORE STRINGENT TO SPEED UP THE IMPLEMENTATION. PROSECUTION OF THE DEFAULTERS WHO DON'T COMPLY CAN BE VERY HELPFUL IN THIS REGARD." DR. VIJAY SATBIR SINGH



Development) Act, 2016 in May 2017 and the state-wise implementation of the Act has been, to put it mildly, at best - patchy. Of the 36 States and Union Territories, 32 states have set up the Real Estate Regulatory Authority with West Bengal being the latest to join the fray by setting up the Authority in December 2022. Some states like Maharashtra have registered over 38000 projects, while states like Odisha have managed to register just about 774 projects. A total of over 1 lac complaints have been disposed-off by the Authorities across the country. While the state of implementation may vary across the nation, there is no denying the deep impact the Act and the Authorities have had on the real estate sector."

Advocate and RERA Consultant, **Harshit Batra, Founder, Harshit Batra & Associates** added, "RERA has been at the forefront of the real estate industry ever since its inception. With every passing day, we witness peculiar

circumstances that call for action and give space for amelioration. There is no doubt that there exists disparity between a buyer and a developer, however, what remains common is that neither of them desires litigation."

Dr. Vijay Satbir Singh IAS (Rt.), Former Additional Chief Secretary, Government of Maharashtra, Former Acting Chairperson, MahaRERA, explained, "RERA has evidently brought transparency and confidence into the real estate sector. However, the issues in implementation as well as the resolutions to the homebuyer's challenges remain. Certainly, there are some teething issues in the implementation. Many RERA authorities do not have adequate staff to hear and dispose of the applications for implementation of the orders. They are also dependent on the revenue staff for recovery of money including penalties as arrears of land revenue. Many a times, there is lack of coordination with the government agencies.

ACCOUNTABILITY FROM ALL STAKEHOLDERS

RERA is not only a regulator but also a facilitator of the real estate sector. It has introduced transparency, accountability, efficiency and fiscal discipline in the sector and helped to restore the trust and confidence of home buyers. Timely completion of the projects and protection of the consumer are two important broad objectives of the Act.

As per **Dhaval Ajmera**, "RERA requires developers to deliver properties on time, as per the agreed-upon schedule. This helps ensure that home buyers do not have

project, such as the cost of the project, the status of the project, and any changes made to the original plans. RERA also requires developers to adhere to certain standards and requirements, such as delivering properties on time and adhering to approved plans as also offering a dispute resolution mechanism through appellate tribunals."

Dr. Vijay Satbir Singh elaborated, "The Authority protects the interest of all stakeholders in real estate including the developers, consumers and agents and takes action to have their grievances redressed. It also makes suitable recommendations to the government to promote the real estate sector and encourage investments for that.

"OVERALL, THE AIM OF RERA IS TO INCREASE TRANSPARENCY AND PROTECT THE INTERESTS OF HOME BUYERS IN THE REAL ESTATE SECTOR. SOME WAYS IN WHICH RERA IS EMPOWERING THE HOMEBUYERS IS BY ENSURING TIMELY DELIVERY OF PROPERTIES, PROTECTING AGAINST FRAUD AND MISREPRESENTATION, PROVIDING A MECHANISM FOR DISPUTE RESOLUTION AND BY ALLOWING FOR CANCELLATION OF PROJECTS."

DHAVAL AJMERA



to wait indefinitely for possession of their properties. It also requires developers to disclose all relevant information about a project, including the cost of the project, the status of the project, and any changes made to the original plans. This helps protect home buyers against fraud and misrepresentation by developers. RERA has established real estate regulatory authorities and appellate tribunals to resolve disputes between developers and home buyers. This provides a mechanism for home buyers to seek redress if they feel that their rights have been violated by a developer. It also allows for the cancellation of a project if the developer does not adhere to the requirements of the legislation, such as delivering properties on time or disclosing all relevant information about the project. This helps protect the interests of home buyers in the event that a project is not completed or delivered as promised."

He further added, "RERA also keeps the real estate developers in check. Under RERA, developers are required to register their projects with the relevant regulatory authority and disclose all relevant information about the

In this way, the authority endeavours to promote healthy and sustainable development of the real estate.

RERA authority should ensure timely compliances by the developer's right from the time a project is registered till it gets completed. Action must be taken against those who indulge in malpractices or commit financial irregularities. Forensic audit can help in serious matters. Similarly, anybody who defaults in making payments should be penalised accordingly to the provisions of Act. All the grievances of the stakeholders should be addressed in a timely manner. The state government should also consult RERA authority while formulating policies relating to the real estate. "

Apart from buyer and developers, **Harshit Batra** spoke about other agencies that should be made accountable under RERA. He said, "For instance, banks/ financial institutions pay a pertinent role in the development of a real estate project. However, the Act fails to incorporate them as a stakeholder and their rights and obligations have remained unrecognized. While a tri-partite agreement is executed between

the bank, allottee, and the promoter; RERA should get powers to issue orders against the bank in the limited aspect of builder-buyer relationship. This creates greater accountability as the RBI guidelines on this aspect are advisories in nature and do not create obligations. RERA can take strides in this aspect to fill this gap.

Furthermore, section 13 of the Act implies the execution of a builder buyer agreement, however, there is no provision for execution of any agreement/written understanding between the real estate agent and the allottee which leaves room for a number of fraudulent activities. For ease of regulation, and standardization,

provided authenticated seamless information like project-wise plans, carpet area details, inventory bookings, land titles, and developers' information thereby boosting the confidence of the investors and allottees. The Gujarat RERA as an example has provided a grid of inventory where each unit can be verified as either booked or unbooked along with masked names of the allottee enabling transparency in dealings and restricting double booking of inventories by miscreant developers."

Parveen Jain said, "Albeit RERA is already doing well as a regulatory authority to bring accountability from all stakeholders, but times keep changing as we have seen in

"IN CASE OF STALLED PROJECTS, RERA CAN BE A FACILITATOR BETWEEN THE BUYERS AND BUILDERS BY LOOKING INTO THE SPECIFIC SITUATION, SCENARIO AND REASONS IN WHICH RERA CAN DIRECT THE BUILDER TO COMPLETE THE PROJECT, IF THE BUILDER IS UNABLE TO DO SO THEN RERA CAN DIRECT SOME OTHER AGENCY TO COMPLETE THE PROJECT, IF FOR SOME REASON, THE STALLED PROJECT CANNOT BE PROCEEDED FURTHER OR COMPLETED THEN RERA CAN BE A FACILITATOR IN TERMS OF REFUND OF MONEY, ADEQUATE COMPENSATION AND PENALTIES IMPOSED." PARVEEN JAIN



a draft tripartite agreement amongst the Builder, the Allottee, and the Real estate agent can also be introduced to create consensus ad idem between the parties qua the obligations of the real estate agents."

THE PROS & CONS

RERA is a great move in the right direction and there is no doubt that the establishment of a regulatory body has boosted the confidence of the real estate buyers. What's required now is a close watch on each stakeholder and an efficient implementation of the Act without diluting its sole purpose of enabling the growth of real estate as a sector.

Sarthak Bhansali concurred, "In the past 5 years, the RERA Authorities have regulated the developers by checking fund diversion, ensuring proper documentation, requiring the consent of allottees in case of revisions in plans, enforcing strict timelines for the completion of projects, and ensuring a smooth handover of the projects on completion. The Authorities on their website have also

the pandemic era of two years in which ground realities keep changing and new unforeseen issues and problems keep emerging and also in terms of issues like climate change. RERA may also look into the changing ground realities and do whatever it can and direct all stakeholders to be prepared to tackle any kind of unforeseen eventuality and to find ways to provide more sustainable infrastructure, buildings and pollution free environment for a healthy, stress free living."

Dhaval Ajmera sharing the downside stated, "Developers may incur additional compliance costs in order to adhere to the requirements of RERA. This could lead to an increase in the cost of property development and potentially, the cost of properties for home buyers. Moreover, RERA's dispute resolution mechanism through the establishment of real estate regulatory authorities and appellate tribunals can be lengthy and may not be efficient in resolving disputes in a timely manner. In addition, RERA only applies to certain types of real estate projects, such

as those that involve the sale of more than four units or are larger than 500 square meters. This means that small projects and those that do not involve the sale of units may not be covered by RERA.”

Harshit Batra agreed, “As a legal representative to a number of stakeholders, I have seen cases where there exists a scope for settlement or compromise and calls for a need for sensitive conciliation which is not usually possible without a formal channel. The solution to this is incorporation of a hybrid module similar to Med-Arb-Med. Presently, RERA promotes amicable conciliation, however, in my opinion, if such conciliatory practices are made

Sharing his views, **Harshit Batra** stated, “There are a number of stalled projects which have caused grievances to thousands of allottees. Measures can also be taken by the Authority under section 32(d) to increase the financial assistance to affordable housing segment. In some cases, funds through the SWAMIH Investment funds are also infused to ensure the completion of the real estate. The main objective of RERA is to protect the stakeholders and to enhance the development of the real estate industry in the most effective and efficient manner. It is not novel that the enhancement of the industry and the completion of the development is not only a need for the allottees

“PRIMARILY THE AUTHORITIES HAVE BEEN FUNCTIONING TREMENDOUSLY WELL AS REGULATORS, BUT HAVE OFTEN BEEN CRITIQUED FOR THE LACK OF IMPLEMENTATION OF THE ORDERS PASSED REDUCING THE RELIEF GRANTED ONLY TO PAPER ORDERS. ANOTHER CRITIQUE OFTEN VOICED BY STAKEHOLDERS IS THAT IN A FEW STATES, THE ACT IS NOT APPLICABLE TO THE ENTIRE STATE BUT ONLY TO “PLANNING AREAS” THEREBY EXCLUDING PROJECTS WORTH THOUSANDS OF CRORES.” SARTHAK BHANSALI



firstly, before the filing of the reply by the opposite party and secondly, after the pronouncement of the order, more settlement of disputes can result.”

Dr. Vijay Satbir Singh shared his view, “In the case of stalled projects, RERA can be a facilitator to bring them to completion. These projects should be analysed on case to case basis and action be taken to address the problems being faced by the developers. If necessary, RERA authority can allow the association of allottees to take over and complete the project under Section 8 of the Act. The promoter of the project can also be changed. The authority can also take the help of government agencies for this purpose. For the projects facing financial distress, public or private funding can be made available.

ROAD AHEAD FOR RERA & REAL ESTATE

While developers are more mindful of the project timelines and in ensuring timely completion, the need of the hour is to ensure even the stalled projects reach fruition.

but also for the growth of the country at large. RERA provides for the constitution of funds under section 75 of the Act which can be used for, inter alia, the expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act, one of which is to strengthen the sector. Moreover, RERA is also involved in the development of the project through its necessary compliances of maintenance of separate bank accounts, mandatory registration of ongoing projects, submission of quarterly progress reports etc.”

Sarthak Bhansali was of the opinion that while Authorities have tried to complete the delayed/stalled projects with their limited powers and resources by instituting forensic audits and appointing custodians, the main challenge lies where insolvency proceedings are initiated against the developers where a moratorium kicks in for all the orders passed thereby denying relief to allottees. “To safeguard the interest of the allottee, changes by the legislators shall be required to be made

“RERA AUTHORITY HAS THE POWER, UNDER SECTION 32(F) OF THE ACT, TO MAKE RECOMMENDATIONS FOR MEASURES TO BE TAKEN IN THE GRADING OF PROJECTS AND PROMOTERS. IF EFFECTIVELY EXERCISED, MAKING ANNUAL/HALF-YEARLY GRADING ON CERTAIN PRE-DECIDED PARAMETERS LIKE CONSTRUCTION QUALITY, CONSUMER-CENTRIC APPROACH ETC, IT CAN ACT AS POSITIVE REINFORCEMENT FOR THE PROMOTERS AND CREATE A BASIS FOR THE ALLOTTEES TO TRUST THE INDUSTRY AS A WHOLE, THEREBY, NOT ONLY CREATING HARMONY BUT FURTHERING THE GROWTH OF THE REAL ESTATE SECTOR.” HARSHIT BATRA



in the Insolvency & Bankruptcy Code where a project may be carved out of the company and handed over to the state RERA Authority for completion from the funds safeguarded and earmarked for completion of the project,” he said.

Dr. Vijay Satbir Singh concluded, “RERA provides a level playing field for all stakeholders. Many disputes can be resolved through the mechanism of conciliation. Some RERA authorities have established conciliation forums which provide alternative dispute resolution mechanisms for amicable settlement of disputes. The conciliators hear

the parties and settle the disputes through the process of mediation. This results in a solution which is acceptable to the litigants. This has helped to end the unnecessary litigations and promote healthy relationship between the buyers and developers.”

The legislators had envisaged RERA Authorities to act as regulators and facilitators in the development of the real estate sector, it is clear that in the short 5 years of their existence a lot has been achieved toward the regulatory framework and a lot more is left wanting in development framework of the sector.





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QUEEN OF DECCAN LEADS THE REAL ESTATE RACE

PUNE CITY HAS GROWN BEYOND THE PENSIONER'S PARADISE AND NOW THIS OXFORD OF THE EAST PLAYS A SIGNIFICANT ROLE AS THE MOST PROMISING CITY FOR REAL ESTATE INVESTMENT AND DEVELOPMENT.

By: Remona Divekar



Maharashtra's cultural capital- Pune is also one of the most progressive and fastest-growing cities in India. The rapid growth of its industrial sector has made Pune one of the prime hot spots of recent times. For many investors, this city has proved to be one of the most profitable and viable locations to invest in residential real estate.

Looking at the year gone by 2022, despite the pandemic where the overall residential sector showed signs of slowdown, Pune's real estate market thrived. Challenging conditions like the property rate hike, higher rentals, stamp duty, rise in the interest rates, could not deter the sentiments of consumers investing and buying homes in Pune. Many developers encouraged home buying experience by offering attractive payment plans and waving off the stamp duty and GST. Post pandemic, corporates invited their employees back to office due to which the demand for rental housing has seen a sharp surge. The hybrid working model prompted homebuyers to look out for extra space. Some of these factors made real estate investment attractive in Pune.

REAL ESTATE LOCATIONS WITH INVESTMENT POTENTIAL

Rohit Gera - MD, Gera Developments Pvt. Ltd. says. "Offices are the key to the rise in residential demand in the cities because office space leads to jobs, and where there are jobs, people want to live nearby. Residential properties near office spaces are attractive real estate locations with investment potential."

Subhash Goel- MD, Goel Ganga Development is of the view that Pune is an excellent place to live and it is challenging to forecast which individual areas of Pune would have the most significant investment opportunity in 2023. "Wagholi, Kalyani Nagar, Mundhwa, Hadapsar, Kharadi IT Park, Undri, Jambhulwadi, Fursungi, Yewlewadi are some of the hopeful contenders in the hunt for inexpensive homes to serve the city's expanding population of millennials and young professionals and also the reason for its rapid growth. "

Sachin Bhandari Executive Director and CEO, VTP Realty observes, "While Pune has been a very mature and stable real estate market, the Western parts of the city are seeing massive growth and continual infusion of new



inventory month on month. The entire city is a magnet for investments as many different factors come into play when zeroing in on a location. The northern and eastern belt are manufacturing, auto and warehouse hubs while the western side is favoured by many from a proximity to the IT hub or Mumbai or Bangalore is concerned.”

The most emerging investment location in the Western belt of Pune is Baner according to **Vishal Juman, Joint Managing Director, Supreme Universal**, because of the expressway and close proximity to Mumbai plus high demand and better infrastructure development. “Second to none is the Mundhwa region, owing to the commercial development planned around that belt and its vicinity to uptown areas like Kalyani Nagar, Koregaon Park, and IT hubs of Magarpatta and Kharadi.”

For **Siddharth Vasudevan Moorthy - Managing Director, Vascon**, both east and west Pune has good potential. “Location like Kharadi, Wagholi, Kalyani Nagar in the east will see higher opportunity whereas in the west Pune Baner, Pashan & Wakad will see high investment potential opinions.”

Rohan Pawar, CEO, Pinnacle Group, notes, “The year 2022 has proven to be favorable for the real estate markets across the board, and the real estate market in Pune has not been an exception to this trend. After the pandemic, there has been a consistent rise in the demand for housing, and it shows no signs of abating any time soon. The festive season has also brought about increased activity in the residential real estate sector in Pune, which has resulted in an increase of 10–12% in property sales.”

“THE YEAR 2023 IS PROJECTED TO BREAK SEVERAL EXISTING PUNE HOUSING MARKET RECORDS AND SET ADDITIONAL BENCHMARKS IN TERMS OF PROJECTS, LOCALITY, NEIGHBOURHOOD, CONFIGURATION, AMENITIES, INFRASTRUCTURE AND CONNECTIVITY. OVERALL, IN 2023, PUNE’S HOUSING MARKET WILL SEE A STRONG THRUST ON AFFORDABLE HOUSING ALONG WITH PROJECTS THAT FOCUS ON SAFETY, SECURITY, CONVENIENCE, AND A HEALTHY LIFESTYLE.” -SUBHASH GOEL



“Locations in the western part of Pune including Hinjawadi, Bavdhan, Baner, Kiwale-Mamurdi Road, Pimple Nilakh and Kharadi, Nagar Road in east Pune, are some of the key regions which have fared well in the last two years and will continue to grow in the years to come. Residential prices range from Rs. 5,000 to Rs. 11,000 per sq foot. The affordable and middle-income categories account for the majority of the demand in this region. Many IT and ITES businesses have offices in Hinjewadi’s multiple IT parks. Non-IT firms with corporate headquarters in the region include banking and financial services, manufacturing, and pharmaceuticals. As a result, an exponential residential real estate opportunity is witnessed in the nearby regions addressing the residential demand of home buyers within the region,” explains **Rahul Talele, Group CEO, Kolte-Patil Developers Limited**.

IMPACT OF INFLATION & INTEREST RATE HIKE

Rahul Talele observes, the demand for residential real estate has reached an all-time high as a result of the realignment of priorities prior to and after the pandemic. “The demand for housing in Pune has remained robust despite the increase in interest rates. Since income growth has outpaced property price growth, affordability is high, assisting the residential market in maintaining its momentum. Property sales in Pune have increased as a result of the recent festive season, as well as the reopening of offices and increased leasing activity after the pandemic. The region’s residential demand and sales received a much-needed boost from the affordability factor and interest rates that were lower than those experienced prior to the pandemic.”

While **Vishal Jumani** is of the opinion, “Inflation to a certain extent affects buyers of affordable housing. Luxury clients are impacted less by rising inflation. With the home loan rates going up affordability has gone up. Salaries have gone up. Owing to the factors mentioned we haven’t seen any resistance from the buyer’s side. The price rise was due to the cost of material and labour taking a steep jump. Also, land prices have been increasing during post-pandemic there was a sudden up rise in demand. But Pune as a city will have a constant supply of residential space which will keep the prices in control. A word of advice “If someone needs to buy, now is the right time”.

“Real estate, unlike rice or gasoline, does not respond rapidly to inflationary tendencies. Nonetheless, it is widely

price reductions, in addition to improved facilities, in upcoming developments. The demand for large homes with clearly defined work areas, which arose as a result of the pandemic, as well as the subsequent trend of working from home, is still strong, with many businesses continuing to use hybrid work models,” states **Rohan Pawar**.

However, **Sachin Bhandari** says it is difficult to predict when and to what extent these factors will impact demand. “We observe that these factors only cause a marginal or temporary depression in the overall demand. Fluctuations in the economy and interest rates are common and home buyers rarely time their purchases based on these attributes. They may fuel a home-buying decision but are no longer the main drivers of the growth for this industry.”

“THERE WILL BE A SIGNIFICANT SURGE IN THE DEMAND FOR NEW-AGE FLEXIBLE WORKSPACES, ESPECIALLY FROM IT AND RETAIL BUSINESSES AS INDIA IS ONE OF THE BIGGEST IT HUBS GLOBALLY WITH CONSISTENT INNOVATIONS. OVERALL, THE GROWTH ACHIEVED IN 2022 HAS CREATED A STRONG BUSINESS ROADMAP FOR COMMERCIAL REAL ESTATE IN 2023, ESPECIALLY FOR GRADE A OFFICE SPACES, WHICH WILL CONTINUE TO CONTRIBUTE TO THE COUNTRY’S ECONOMIC GROWTH.” - RAHUL TALELE



acknowledged that inflation has a detrimental impact on property prices,” remarks **Subhash Goel**.

When property prices rise, it can make it more expensive for home buyers to buy, especially if they want to believe in a desirable or in-demand neighbourhood. If interest rates rise, home buyers may find it more expensive and difficult to borrow money to buy a property. Higher home loan rates and property prices will influence housing demand.

“Although the interest rate environment did have an impact on demand as a result of further repo rate hikes, the impact is viewed as fleeting and short-term at best asserts. In addition to this, increased input costs led to an increase in the purchase price of the property, which is up by almost 10% in some locations. In order to alleviate some of the stress that is being felt by customers, developers have been offering a variety of discounts and

RETAIL REAL ESTATE GROWTH POTENTIAL

Pune is a city in the western Indian state of Maharashtra that has seen rapid growth in recent years, making it an attractive location for retail real estate investment.

Rahul Talele elaborating on a recent industry survey says, “Pune reported approximately 140,000 sq. ft. of leasing in the third quarter of 2022, a 43% rise year on year and an 8X increase over the same period last year. Retail developers anticipate that many foreign businesses will continue to regard India as a rising market due to its high expansion potential. Mall commerce has already exceeded pre-pandemic levels and leading operators are re-negotiating rents and seeking a bigger share of the revenue from retailers and brands. They are also open to

shorter lease terms, allowing them to change the tenant mix as retailers are prepared to pay a higher premium as a result of an increase in commerce. Positive sentiments pervade the retail business and the current leasing pattern reflects the industry's steady growth rate."

"The inflation may impact spending patterns but the retail industry has been adept at handling these twists and their multi-channel sales strategies have led to lower customer acquisition costs and also lower operational costs. Online sales and Direct sales are also becoming very popular," observes **Sachin Bhandari**. He adds, "This trend does not make much difference to the real estate market

as such because the omnichannel experience attracts additional sales over and above the brick-and-mortar stores. Large retailers are looking at smaller format flagship stores but more in number and dotted across many locations to reach their customers at their doorstep."

Siddharth Vasudevan Moorthy asserts, "The market always balances itself out with the rising/falling demand-supply graph. We do not predominantly see dramatic highs and lows like in bigger cities like Mumbai, Delhi, Bangalore, etc. This has a significant impact on decision-making and makes the market predictable which helps businesses manage growth and expansion plans."

"THE ENTIRE STRETCH OF THE PUNE-BANGALORE HIGHWAY ON BOTH SIDES IN PUNE WEST IS A MAGNET FOR A FLURRY OF PROJECTS. KHARADI IN THE EASTERN BELT IS BLOOMING INTO A PREMIUM LOCATION WITH HIGH-END RESIDENTIAL AS WELL AS COMMERCIAL AND IT WORKSPACES. THE CITY WILL CONTINUE TO ATTRACT INVESTMENT IN 2023 AS WELL. THE STRONG IMPETUS THE INDUSTRY HAS SEEN FUELLED BY THE POST-COVID CONSUMER DEMAND SURGE WILL CONTINUE TO PAN OUT. MAHALUNGE, BHUGAON, TATHAWADE, KHARADI, AND DHANORI ARE SOME OF THE LOCATIONS WE BELIEVE WILL CONTINUE TO SEE STRONG DEMAND." -SACHIN BHANDARI



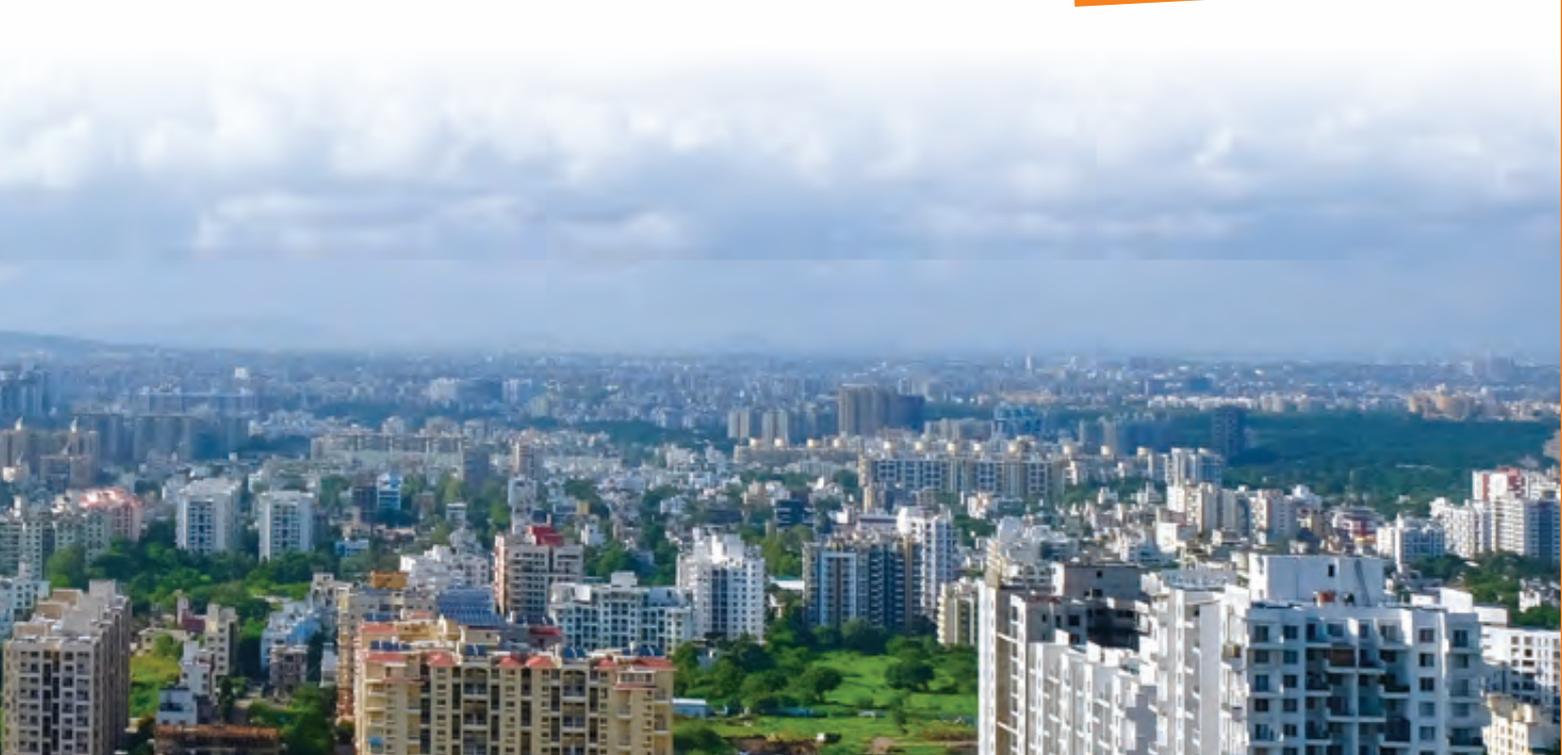
Vishal Jumani mentions, “As the cities grow steadily and seeing the way urbanisation has taken place in the last few years, the demand for retail also goes up. New micro markets require new retail, restaurants, cafés, daily necessities, supermarkets, banks, etc. High street retail will also see a lot of growth and will be needed to cater to the people living in the neighbourhood. 2023 will have a high demand for commercial spaces. There are plethora of deals taking place for commercial developments. Pune is still a better and cheaper option. Minor blips might arise due to a slight slowdown in the US and UK, but long term I see no problem at all.”

Rohit Gera affirms, “The office will continue to do well. There is an office demand but again there's a global uncertainty looming but demand seems robust. Commercially things look good and retail continues to do well.”

CURRENT & PLANNED INFRASTRUCTURE DEVELOPMENT

Rohit Gera says the metro coming in Pune, is helping in decongesting the traffic and the higher densification. “Our cities have done exceedingly well in providing infrastructure; some may say this infrastructure is horrible

“THE CITY’S FLOURISHING ECONOMY, GOOD INFRASTRUCTURE, SOCIAL DEMAND FOR RETAIL SPACE, AND BIG SKILLED WORKFORCE HAVE DRAWN NUMEROUS FIRMS AND INDIVIDUALS TO THE REGION. WITH THE RISE OF MANY IT MAJORS AND OTHER GLOBAL CORPORATIONS, PUNE CITY HAS SEEN MORE MIGRATORY PEOPLE OUTSIDE THE CITY DUE TO PLENTIFUL WORK OPPORTUNITIES. OVERALL, PUNE MAY PROVIDE GOOD DEVELOPMENT OPPORTUNITIES FOR RETAIL REAL ESTATE INVESTORS, PARTICULARLY THOSE SEEKING TO INVEST IN A CITY WITH A BOOMING ECONOMY AND HIGH DEMAND FOR RETAIL SPACE.” -VISHAL JUMANI



but given the fact that we have shortage of capital, the city has done a good job in keeping up with the infrastructure and population. “

Subhash Goel mentions. “Infrastructure development has the potential to improve connectivity, provide access to amenities, and spur economic growth. However, it can also have negative consequences such as increased traffic and pollution, community dislocation and financial expenditures. Infrastructure development can be expensive and the financial burden of funding these projects may rest on taxpayers or be given to consumers through higher prices for goods and services.”

“The infra projects are underway and plans are going to help connectivity which will improve demand in the

tirelessly to improve the network of roads and the newly developing suburbs are being designed with much wider and well-designed roads, subways, and flyover networks. But the slow pace of infra works results in chaos and traffic snarls giving rise to longer drive times even for shorter distances. This is part and parcel of a rapidly growing city landscape. However, speed is of the essence in infrastructure development. Early and quick identification of bottlenecks and pace of the actual execution must be much faster so it causes minimal disruption of day-to-day life of the citizens,” avers **Sachin Bhandari**.

WISHLIST FOR THE YEAR 2023

While, year 2023 is predicted to be a good year for

“MARKETS ARE GOOD. DEMAND IS ROBUST AND STRONG. THE GOVERNMENT NEEDS TO MAKE SURE THAT THE HEADWINDS DON’T PUSH US UNDER AND FOR THAT IF THEY COME UP WITH SOME BENEFITS TO THE CONSUMERS, THEY WILL CONTINUE TO BUY HOMES. COMMERCIAL REAL-ESTATE DEMAND IS STRONG. THINGS ARE LOOKING GOOD RIGHT NOW BUT AGAIN GLOBAL UNCERTAINTY IS ONE DANGLING SWORD FOR EVERYONE.” -ROHIT GERA



outskirts, “tells **Siddharth Vasudevan Moorthy**.

“The upcoming metro lines, enhanced intra-city connectivity, Pune Ring Road, planned road network development and projected airport are all major growth drivers for the city of Pune. These factors have boosted residential demand in the city's outskirts. When many other cities are still dealing with public infrastructural challenges, Pune's market exhibits opportunities with planned developments. As a result, the residential market has seen an average monthly rent increase by 10% in micro-markets,” states **Rahul Talele**.

Pune is undergoing a major overhaul of sorts with large-scale Metro line development. While it is a challenge for the residents during the actual construction work but once completed the metro has the potential to reduce the traffic on the roads.

“Both the PMC, PCMC, and PMRDA are working

real estate in Pune. Economic conditions, demographic changes, and infrastructure development can all impact real estate markets. Government rules and regulations can also impact the retail real estate market.

Rohit Gera says if we continue in stable environment things are great. “As far as the budget is concerned, I wish the government raises the income tax deduction for the interest paid for home loans. The government needs to make things easy for people to buy homes and if they do that, it will continue to help bring tailwinds as far as the real estate sector is concerned.”

Rohan Pawar says, “The new year that has just begun will be beneficial for the real estate industry in Pune. Demand will be supported as a result of the numerous infrastructure projects that are currently being carried out in the city, as well as those that are currently being planned. The on-time completion of infrastructure

projects will be the key and it will continue to be essential for demand to remain stable. It is anticipated that the city will continue to practice quality construction while also providing consumers with better homes and, as a result, greater value. The increase in repo rates will have a moderate effect on demand in the entry-level housing market because buyers will only delay their home purchase rather than abandon the process entirely. Customers in the mid-range and premium price points, on the other hand, are expected to be less affected. Composite housing complexes or gated community projects are quickly gaining appeal, which is a trend that is currently being noticed. This is especially true in the aftermath of COVID. Summing up Pune will continue to experience housing demand

For **Vishal Jumani**, his wishlist is very simple. “Better Infrastructure – Well-planned and clean surroundings, faster metro connectivity, meticulous safety measures to be taken care of in any new neighbourhood. Good education and Supreme institutions so that there is a good amount of talent available which attracts companies to set up their offices in the vicinity. Government should attract companies to set up their manufacturing hubs because that will really drive the demand.”

Siddharth Vasudevan Moorthy says 2023 will be a new emerging year with lots of scopes and opportunities and the wish list for the New Year for Pune's real estate sector is - “Our love and experience for this industry make us

“NO MATTER WHAT YOUR BUDGET IS OR WHAT KIND OF HOME YOU’RE LOOKING FOR, YOU’LL FIND IT IN PUNE. THERE ARE A NUMBER OF UP-AND-COMING AREAS WITHIN AND AROUND THE CITY, AS WELL AS NEARBY PIMPRI-CHINCHWAD, WHICH IS THE CITY’S TWIN. EVEN WITH REDEVELOPMENT PROJECTS, THERE IS A GOOD CHANCE THAT THE INVESTMENT WILL BE SATISFACTORY.” -ROHAN PAWAR



growth in 2023.”

Rahul Talele adds, “Furthermore, large IT companies are looking out for Grade A spaces and are also willing to pay higher premiums for it to meet ESG and SDG goals. E-commerce and third-party logistics businesses will continue to fund warehousing as digital penetration rises, strengthening the warehousing market and making it one of the fastest-growing commercial real estate markets in 2023. Hybrid work will sustain many employees now demanding for top-tier and comfortable office space as a price for leaving the pleasures of working from home. With that, the disparity between high- and low-quality commercial assets will also increase. As a result, office owners will upgrade their aging assets either by retrofitting new amenities to match the demand or by developing a greenfield Grade A project, keeping employee centricity at the forefront.”

want to push our boundaries, innovate, and take up unique projects. I wish the same passion to be continued this year as well as further consecutive years as well.”

Sachin Bhandari, says, “We think commercial properties are now seeing a renewed interest as new breed of secondary investors is on the rise. Earlier there were more institutional buyers or serial investors. Now there is a rise in the salaried class or entrepreneurial retail investors who look at commercial properties as a potential investment as the returns are much higher than residential as an asset class. There is an increased demand for pre-leased inventory rather than strata sales. With the fractional investing becoming more mainstream we believe high-quality branded commercial real estate will thrive. Input credit on GST must be reinstated. The new GST scheme has increased the cost of production by up to Rs 400-500 which has to be borne by the end consumer.



“THE BEAUTY OF OUR CITY IS THAT EVEN THOUGH THERE ARE CHANGES, WE ARE STILL A GROWING CITY. WITH HIGH-FUNCTIONING INDUSTRIES RUNNING SUCH AS AUTOMOBILES, EDUCATION, FMCG, IT, AND THE GLAMOROUS FASHION INDUSTRY, REAL ESTATE IN PUNE IS ALWAYS A SECURED INVESTMENT.”

-SIDDHARTH VASUDEVAN MOORTHY

Secondly, lowering the stamp duty for the benefit of the customers. Metro cess also creates an extra burden on them. As it is the taxes are very high. Any extra burden on the customer will directly impact demand. On the whole real estate is a highly risky business governed by volatile dynamics and any step toward stabilization will help. “

Addressing some of the shortcomings such as the increasing interest rates will temporarily impact the growth momentum of the Pune residential market. Infrastructure projects, particularly those involving land

acquisition can often result in the removal of communities. Urbanization will accelerate, putting considerable strain on infrastructure. Polluted waterways, unequal water distribution and poorly managed sewage treatment infrastructure are reasons for concern.

The year 2023 may see new launches well under control where ready-to-move-in homes will continue to dominate buyer demand, but new launches will also gain traction. The demand for affordable housing will sustain in 2023 as well.



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REGION FOCUS

KOLKATA CONTINUES ITS GROWTH TRAJECTORY IN 2023

SOME OF THE PROMINENT REAL-ESTATE DEVELOPERS FROM KOLKATA SHARE THEIR VIEWS ON THE CITY'S EVOLVING REAL ESTATE SECTOR INCLUDING SUPPLY, DEMAND, EMERGING MICRO-MARKETS, CHALLENGES, AND POSSIBILITIES FOR THE YEAR 2023.

By: Remona Divekar

Real estate sector has started seeing gradual recovery post pandemic primarily end-user driven. The ongoing inflation and rise in property prices may present a challenge for home buyers.

As per **Basant Parakh- Managing Director, Orbit Group**, the increase in home loan interest rates may make financing more difficult but are still comparatively lower than the rates in 2019-2020. "For potential buyers, this

presents an opportunity to negotiate better terms on their home loan. Additionally, the government's initiatives on affordable housing schemes and interest subsidies can help make homeownership more accessible to a wider range of people. The State Government has also extended the Stamp Duty Rebate of 2% till 31st March 2023 and offered a 10% discount in market valuation which has provided a big impetus to all aspiring homebuyers."

Sushil Mohta- Chairman, Merlin Group & President, Credai, West Bengal added, "There will be some





challenges in 2023 because of the rising interest rate, the cost of construction due to inflation and global recession. However Indian economy is resilient enough. Global recession will not have any impact in India's growth story barring some turbulence in the long term. The developers who are committed to deliver will continue to grow. I foresee decent sales in 2023. The extension of the reduction in stamp duty and circle rate till March 2023 in West Bengal will provide a fillip to the buyers and the developers as well."

Prashant Chopra- Chairman, PS Group opined that the impact of inflation, reflected in the rise of property prices, home loan interest, and rate hike may cause delay in home buying decisions. "It will directly impact the interest rate-sensitive sector as EMIs going up can affect affordability. In case of floating home loan interest, the rate hike may hurt EMI pay-outs temporarily, but in the long run it will average out positively. However, the impact on real estate sales will be moderately felt as long as the interest rates remain in single digits."

Harshvardhan Patodia- CMD, Unimark Group was of the view that property prices have gone up marginally across the country due to cost increases after 5-6 years of stable prices. "There is an impact of interest on home loan which is likely to balance out home loan tenure. We have also seen a rise in the disposable income of the customers over the years and demand is robust. Inflation under control hence I do not see any huge impact on sales."

Nitesh Kumar- MD & CEO - Emami Realty Limited added, "The current hike will impact residential sales volumes in the months to come in the affordable and mid-segments. However, the impact of rate hike on home loan EMIs is unlikely to be significant as these loans are for a longer tenure. While interest rates are still likely to remain at decadal lows the opportunity for homebuyers is reducing. It is critical to understand that affordability and demand remains high and buying momentum is expected to remain largely intact. The pandemic has taught borrowers about dealing with interest rate changes. There has been a fundamental change in buyers' expectations and attitude towards homeownership which will largely withstand marginal fluctuations in lending rates."

Rajvardhan Patodia- Founder, Chairman and Managing Director, Signum Group expressed, "Property prices in Kolkata are realistic and affordable considering rising inflation and drastic increase in raw material prices for construction. The demand for housing in Kolkata has always been buoyant and the city is never a speculative market. We are not seeing any major pushback due to



EXTENSION OF STAMP DUTY WAIVER, PERMANENT REDUCTION IN STAMP DUTY, URBAN LAND CEILING. TRANSFER OF FAR - TDR WILL HAVE SIGNIFICANT IMPACT.

NITESH KUMAR



I THINK THE YEAR 2023 WILL ALSO BE A GOOD YEAR FOR THE SECTOR AS THE DEMAND FOR QUALITY HOME WILL BE ON THE RISE DESPITE THE HIKE ON INTEREST RATE. ON THE OFFICE FRONT ALSO, THERE WILL BE MORE TRACTION IN KOLKATA AS MORE COMPANIES ARE COMING TO THE CITY AND PEOPLE ARE RETURNING TO OFFICES BARRING IT SECTOR WHICH STILL CONTINUES TO OPERATE IN HYBRID MODEL.

SUSHIL MOHTA

the latest interest rates, since they have primarily been revised to pre-pandemic levels. Real estate purchase goes beyond just investment since it has a sentiment attached. The buying of large homes has increased among younger generation due to home loan benefits. We believe the demand would only increase overtime."

Manab Paul- Founder Director, Sree Balaji agreed, "After Covid the property price were hiked by 10-12% and this price hike happened because of raw material cost. This too without giving any extra benefit to the builders but only to adjust the cost factor. It was a forced price hike. Post RBI home loan revision, interest was hiked by 0.75% to 1% which impacted

homes sales a bit but it didn't deter home seekers buying sentiments. We saw a good movement in sales in the residential segment."

Nikunj Harlalka- Managing Partner, JSB Infrastructures shared, "Due to better connectivity, robust infrastructural development initiative in our state by current government, upwardly mobile consumer's aspiration has propelled the demand of quality branded homes manifold. Consumers are increasingly manifesting their desire for gated community living specially in post-corona era. This trend is going on despite increase in real estate prices and home loan rate of interest."



I HOPE TO SEE THAT WBRERA REGULATIONS ARE IMPLEMENTED THOROUGHLY BRINGING TRANSPARENCY TO THE REAL ESTATE INDUSTRY IN KOLKATA. THERE SHOULD BE MORE FOCUS ON SUSTAINABLE CONSTRUCTION. OVERALL, THE REAL ESTATE MARKET IN KOLKATA IS EXPECTED TO CONTINUE TO GROW AND DEVELOP IN 2023, WITH A NUMBER OF EMERGING LOCATIONS OFFERING INVESTMENT POTENTIAL.

BASANT PARAKH

WITH THE PREREQUISITES – SUPERIOR INFRASTRUCTURE, SKILLED MANPOWER AND FAVOURABLE GOVERNMENT POLICIES ALREADY IN PLACE, KOLKATA HAS THE POTENTIAL OF BECOMING A FOCAL POINT FOR IT AND SOFTWARE COMPANIES.

PRASHANT CHOPRA

making it an attractive destination.”

Nitesh Kumar added, “Located in South-West of Kolkata, Joka, is rapidly growing and considered developing real estate neighbourhoods, providing conveniences of contemporary living. It is supported by infrastructural enhancements, improved connectivity, and affordability. New Town – Rajarhat, Kolkata are upcoming destinations. VIP Road, EM Bypass and the upcoming metro line from airport to New Garia are one of the best localities for real estate investment in Kolkata. Southern Bypass connected throughout by metro stations have become a hot spot for development in the affordable luxury segment.”

Nikunj Harlalka was of the view that the next real estate growth engines reside in tier-II cities. “There is enormous untapped potential in smaller towns in terms of commercial and residential real estate due to steady overall economic growth of the country.”

Prashant Chopra said, “The most promising locations with remarkable growth potential have been the stretch along Eastern Metropolitan Bypass and the two extensions - New Town and Rajarhat in the East and Joka in the South-west of the city. The posh neighbourhood in the making along the Eastern Metropolitan Bypass is home to luxury condos, duplexes and high-end real estate projects besides premium hospitality brands turning this area into billionaire’s avenue. New Town has significantly transformed into an integrated township, especially after the government declaring it as a smart city. It is focused in drawing home buyers, investors and MNCs alike. Rajarhat is also emerging as

EMERGING REAL ESTATE LOCATIONS IN KOLKATA

The real estate market in Kolkata has seen a lot of growth and development in the last two years and is expected to continue on this trajectory in 2023. There are several hotspot locations emerging in Kolkata driven by good infrastructure development and connectivity because of the metro lines.

As **Harshvardhan Patodia** shared, “New Town and surrounding areas in Rajarhat, areas around the Eastern Metropolitan ByPass are going to be the favoured locations for premium real estate investment. For MIG and LIG investments, Garia, Southern ByPass, Boral, BT Road, Jessore Road,

Madhyamgram, Barasat and Diamond Harbour Road will be the emerging locations.”

Basant Parakh stated, “The emerging real estate location with investment potential in 2023 is the Rajarhat-New Town area in the North-East of Kolkata; a planned satellite town and home to several new and innovative residential and commercial projects. New Town & Sector-V is now a sought-after destination for residential development with the young professionals because of the commercial development and proximity to the airport. The areas are well-connected to the rest of the city as well as the airport by roads and has good infrastructure facilities

a popular home buying destination with a variety of housing alternatives, from apartments to opulent villas. With high demand it has more significant growth potential than affluent areas like Salt Lake and South Kolkata. A rapidly developing neighbourhood for affordable real estate is Joka, with more than 50% of the areas inventory being priced under Rs 50 lakhs, it is becoming the choice for many."

Raj Vardhan Patodia mentioned, "In Kolkata, the areas which are seeing real estate investments are BT Road, Madhyamgram, Southern Bypass, Rajarhat and New Town beyond action areas. Many new housing projects are coming up where new projects have bearing on the investment potential. These regions are building on affordable housing units seeing an uptick in the real estate investments and prices."

Manab Paul expressed that every major city in Bengal holds good opportunity for investments under developing zones that are well connected to outskirts of the city and the main city's infrastructure. "Towards South of Kolkata cities like Rajarhat and Joka are doing well. Howrah and Hubli are doing well with the people in and around that area doing exceptionally well along with major projects coming in these areas. Kolkata as a city has proved to be a city of good investment opportunities and people are taking advantage of those given opportunities."

COMMERCIAL AND RETAIL REAL ESTATE GROWTH POTENTIAL

Prashant Chopra said, "There is tremendous growth potential when it comes to commercial and retail



HAVING WITNESSED THE STEADY DEMAND, WE STAND ENCOURAGED BRINGING IN MORE WORLD-CLASS RESIDENTIAL COMPLEX WITHIN THIS PART OF THE COUNTRY IN THE COMING YEAR WITH A HOPE THAT INFLATION REMAINS WITHIN CONTROL, WHICH GIVES MORE PURCHASING POWER AMONG THE PROSPECTIVE BUYERS.

NIKUNJ HARLALKA



WE WISH THAT THE REDUCED CHARGES IN THE STAMP DUTY AND CIRCLE RATE INITIATED BY THE STATE GOVERNMENT CONTINUE PERMANENTLY. GOING FORWARD, PEOPLE SHOULD CHOOSE KOLKATA AS THEIR NEXT BUSINESS DESTINATION CONSIDERING THE FUSION THE CITY OFFERS, AND AS A RESULT, THE DEMAND FOR OFFICE SPACE WILL TRANSLATE INTO RESIDENTIAL SALES TOO.

RAJVARDHAN PATODIA

real estate in the city. Government also has been formulating and implementing policy decisions to promote West Bengal as an IT hub alongside the multiple mega projects that are planned, the investments in the state and especially Kolkata are expected to soar. All this alongside lower land acquisition costs, lower employee pay scales compared to other metro areas, and accessibility to cutting-edge infrastructure are the primary impetuses for driving growth for commercial and retail spaces in the city."

Raj Vardhan Patodia commented, "We are seeing investment across commercial and retail asset class from local and national players where

there is a demand for A Grade office space. People are moving beyond the traditional Central Business District (CBD). The commercial real estate market is growing in locations including Sector V and Rajarhat. Sector V is particularly experiencing strong growth in commercial zones and office spaces."

Sushil Mohta concurred, "The commercial segment has seen traction in Kolkata. On the office market performance, the 'return to work' transition during the year 2022 has led the city to clock gross office leasing of 1.1 mn sq ft, representing a 42% YoY growth over 2021 while new office completions remained at 200,000 sq ft in 2022."



KOLKATA SAW MANY SECOND HOME BUYERS IN THE LAST FIVE YEARS INTERESTED IN SECOND HOMES, VACATION HOMES, PREMIUM LUXURY HOMES, BUNGALOWS IN THE CITIES. THE PREMIUM BUNGALOW PROJECTS ARE DOING BETTER THAN ANY OTHER MULTI-STOREY BUILDING PROJECT. THIS MOMENTOUS CHANGE IS HAPPENING IN KOLKATA WHERE PEOPLE PREFER PREMIUM BUNGALOW OVER APARTMENTS.

MANAB PAUL



GOVERNMENT SHOULD GIVE REBATE ON STAMP DUTY AVAILABLE FOR CUSTOMERS WITH BETTER INCENTIVES FOR SUSTAINABLE AND GREEN REAL ESTATE PROJECTS UNDER DEVELOPMENT. THE EFFORTS MADE BY THE AUTHORITIES FOR EASE OF DOING BUSINESS PERTAINING TO SANCTION AND APPROVALS SHOULD BE SPEEDED UP.

HARSHVARDHAN PATODIA

Nitesh Kumar commented, “Commercial property belt of Salt Lake showed maximum vibrancy and accounted for about 3/4th of net absorptions last year and is projected to grow at the same pace. This was followed by Rajarhat and the secondary business district (SBD) of Kolkata. Retail has witnessed a comeback in Kolkata in the last two years. With new malls opening up in the city, Kolkata has an inventory of 6 mn sq ft of mall space, largely located in the east and south of the city. Proposed new Malls in Behala – Joka, New Town Rajarhat promise to bring in more retail majors to the city.”

Harshvardhan Patodia shared, “Retail in Kolkata is all time high

where a good demand is seen in the retail leasing both in high street locations and malls. All pan India brands are in an expansion mode. There is definitely a good potential for investment in retail and a couple of new malls launches are expected this year. Demand for commercial space looks promising especially in Salt Lake, Sector-V and Sub CBD areas.”

Basant Parakh added, “The commercial and retail real estate sector in Kolkata is expected to see growth in 2023. The growth in the retail sector is also expected to lead to an increase in demand for commercial space, which could result in a rise in commercial property prices. The city’s commercial and

office space sector also ended 2022 on a positive note with a robust growth in leasing activities reflecting the improvement in business sentiments and market activity.”

Nikunj Harlalka stated, “Those days are gone when a family used to travel miles to nearby metro or semi metro cities for the branded quality products. Nowadays almost all known brands outlets are available there in all small towns. Even a small town comprising a low population have access to all national and international brands. As a result, standard of living is at par with any big metro cities. Even smaller towns are remarkably becoming self-sustained in terms of availability of branded products.”

Manab Paul added, “The whole world would have thought that the commercial real-estate after Covid would be slow but that didn’t happen. With the nearest developers even their unsold space of five years was sold off in Kolkata and Sector-5. The investment in IT space saw a significant movement. Retail, office space, office rental, new and old office set up, new office extensions saw encouraging and positive developments.”

KOLKATA INFRASTRUCTURE DEVELOPMENT

Urbanisation is growing at a rapid pace where the overall income level of people, particularly the middle class is growing in the country. Though, Kolkata has its own infrastructure woes, it has truly undergone a facelift through various social and civic infrastructure development projects.

Nitesh Kumar shared his



perspective. “With one of the lowest road surface areas, dense unplanned developments in the older parts of the city has no robust infrastructure. Kolkata Municipal Corporation (KMC) is committed in developing the transport infrastructure to reduce traffic and improve vehicular movement. The expansion of the elevated road network, flyovers are coming up at high traffic points in an organised manner. Vital infrastructure projects in Kolkata that are the proposed or ongoing

are expected to attract real estate investors and alter the property market of Kolkata. The major ones being –Airport Garia Metro Corridor. Joka Esplanade Metro. East West Metro. A multi-tier automated car parking facility under the Gariahat flyover (1.6 km). Extension of Joka Metro. Flyover on Raja S C Mullick Road. Under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the West Bengal government has also proposed a Rs 27 bn action plan. This includes the

widening and extension of arterial roads, strengthening and broadening of secondary roads, construction of elevated roads, flyovers, bridges and pedestrian underpasses across various locations in the city.”

Sushil Mohta added, “Demand for housing and other real estate classes in urban and semi urban areas will always be there. Therefore, at least for the next ten 10 years the real estate sector will always have opportunities. The developer has to pick the right kind of project, design



it right, price it right and deliver it in a scheduled manner with the promised quality, then one can grow without any challenges. With the increase in affordability, the demand will always be there for real estate products, and the sector will always be healthy.”

Basant Parakh said, “New projects such as the metro rail expansion of 82 km through five routes running through some of the areas with growth potential such as Sector V – Howrah Maidan and the BBD Bag – Joka metro line.

Accompanied with the construction of flyovers and bypasses and other road developments with the goal of improving connectivity will make it easier for people to commute. These projects are also helping to boost the city's economy, attracting businesses, and creating job opportunities. The recent and ongoing development of the Southern Bypass and B.T. Road areas, as well as the opening of the Tala Bridge, has greatly improved connectivity of areas to other parts of the city. Overall, the infrastructure development in Kolkata is modernizing the city, making it a more liveable and sustainable place for everyone.”

Nikunj Harlalka said that there is a rapid progress in essential infrastructure like road and others, which will further push the growth trajectory and purchasing power resultantly and demand for better living.

Harshvardhan Patodia added, “The State Government is focusing on road development, new bridges and flyovers with a sizeable investment which will open up to several micro markets for real estate development. Kolkata being an old city, we need more urban renewal and regeneration projects and also all the metro lines under construction should be completed on schedule which will majorly improve connectivity in the city.”

Manab Paul said, “Majority of infrastructure developments in Kolkata like roads widening, railway station, and bus station/terminus are more or less done. Kolkata is not under-developed or developing, it is already developed. Infrastructure-wise we already faced all the pain but in near future we would enjoy the

THE YEAR 2022 WAS A YEAR OF RESURGENCE OF THE REAL ESTATE SECTOR IN INDIA. DESPITE FEW HEADWINDS LIKE GLOBAL INFLATION AND GEOPOLITICAL TENSION, RISING PROPERTY PRICES AND INCREASE IN INTEREST RATE, THE SECTOR WITNESSED GROWTH BECAUSE OF THE STRONG DEMAND IN DOMESTIC SECTOR.

gain of developed infrastructure in many ways.”

Prashant Chopra agreed, “There has been focussed improvements in areas of transport infrastructure to reduce traffic. Expansion of elevated road network is changing the way Kolkata travels and flyovers are coming up in high traffic points in an organised manner. The benefits are real time. The only drawback is the pace at which the developments are taking place. However, such transformations, especially that of a city as large as Kolkata cannot happen overnight.”

Rajvardhan Patodia shared, “There are no power outages any longer and the traffic is manageable in Kolkata compared to the other metros. New bridges have been built/restored including the reconstruction of the Tala and Majherhat bridges. The metro is expanding to distant localities. Extension of the metro up to Dakshineswar will ease the connectivity of BT road to other parts of the city, and the upcoming cross-city metro connectivity is good for the overall real estate market.”

HUNTING FOR GIGACORNS THE CLIMATE-TECH UNICORNS

GIVEN THE SCALE OF THE CLIMATE PROBLEM, THE NEW TERM 'GIGACORN' FOR CLIMATE-TECH START-UPS THAT HAVE ACHIEVED UNICORN STATUS SETS A NEW THRESHOLD FOR INVESTORS LOOKING BEYOND PROFITABILITY.

BY: SAPNA SRIVASTAVA

Start-ups with a valuation of over \$1 Bn are called the unicorns, which are no longer a rarity in India. In fact, India was at the third spot in the world in terms of number of Unicorns in 2022.

But, the Gigacorns are a different breed. It is a start-up whose technology can impact global carbon emissions by 1 gigaton (that is, one billion tonnes) of CO₂ per year while being commercially viable. The term has been coined by Christian Hernandez Gallardo, the co-founder of 2150, a venture capital firm investing in technology companies that seek to sustainably reimagine and reshape the urban environment.

According to Christian Hernandez, there's no single tech that can achieve global transition towards net zero. It has to be a broad range of technologies, all at the same time. That means transitioning literally all the major industries of the world into sustainable technologies within a decade.

Institutional investors taking

a long term view of sustainable technologies being the future, are tilting towards deploying their finances in such tech firms, expecting to generate profit for company and the planet. And, the optimism of the venture capitalist is not misplaced.

World over, regulations are prompting sectors, industries, real estate developments and transportation systems to save energy and natural resources. Governments are introducing laws that aim to bring widespread usage of green fuel, vehicles, building standards and energy efficiency requirements.

Construction and Transport infrastructure companies dominate the built environment technologies with innovations across heating and cooling solutions, electric micro-mobility and EV Charging. While, IoT enabled Climate Data measurement and tracking devices and systems, Renewables like solar and Circular Economy comprising sustainable materials, recycling and wastewater and alternatives/enhancements

are gaining the biggest share of investments worldwide.

LOOKING FOR GIGACORNS IN INDIA

As per Invest India, India ranks at the ninth spot globally for climate tech investment, with the country's climate tech firms receiving \$ 1 Bn in venture capital funding between 2016 and 2021. Over the past five years, 120 climate tech start-ups raised over 200 funding rounds from 272 unique investors in India.

The technology start-ups are making headways in segments in sustainability across mobility, Software as a Service (SaaS), agriculture, building and construction and energy. Home to 2,260 climate tech companies, India currently has the world's third-largest ecosystem of companies tackling climate change after the United States (7,561) and the United Kingdom (2,503).

Though India has made great strides in terms of digital engagement and tech innovations across sectors

and industries, the climate tech industry is still evolving and finding ways to bring out scalable solutions. Having said that, many of the climate tech start-ups have all the signs of becoming a Gigacorn in their own ways.

What is needed is the backing of large corporations and investors that believe in the financial and social impact potential of these new technologies. Given the projected growth pattern there is no doubt, India will soon be in the top spot in the world in terms of number of Gigacorns.

The decarbonisation policies encouraged by the government to fulfil its pledge at the COP 26 conference, that India will attain net-zero emissions by 2070 has set the tone and India's innovation ecosystem shows promise in leading the way to resolve complex climate problems.

According to Holon IQ geographic trends, US continues a very strong rise in investment having invested more venture funding into Climate Tech in 2022 alone than in the entire 2006 to 2011 period. Europe saw the fastest growth, as it more than doubled investment in 2021 backed by policy and regulatory perspective around climate technology, supporting an acceleration in VC in 2022. China started a significant wave of investment making up 64% of global Climate Tech VC investment in 2017 and has added over \$4B USD in VC to Climate Tech in 2021.

In India, 2022 marked a massive surge in eco-tech based VC funding as the country has mobilized around sustainability and transitions from a consumer focused venture capital environment to climate tech, the preferred investment category.



GIGACORN IS A COMPANY THAT HAS ACHIEVED LOWERING OF CO2 EMISSIONS BY 1GT/YEAR WHILE BEING COMMERCIALY VIABLE.

SHOT SAGE BLUE MARILYN

Andy Warhol's \$195 million worth Shot Sage Blue Marilyn serves as a candy-colored encapsulation of some of Warhol's most defining artistic motifs, including industrial screen-printing aesthetics and fascination with the iconography of celebrity.



VERGER AVEC CYPRÈS

This tender Vincent van Gogh painting of a pastel-flecked spring garden sprouting with the artist's favored cypress trees fetched \$117.1 million at Christie's, shattering artist's previous record that had stood for more than three decades



LA MONTAGNE SAINTE-VICTOIRE

This powerful landscape by Paul Cézanne (1888–90) is a seminal work of the Post-Impressionist style—. Priced at \$137,790,000, this work in particular, showcases Cézanne's masterful brushstrokes, which, in their blocky form and saturated color, serve as a preamble to Cubism's emergence in the following decades

GUSTAV KLIMT, BIRCH FOREST



This illusory forest landscape by the icon of the Viennese fin-de-siècle Gustav Klimt, hammered for \$104.5 million. Birch Forest (1903) beat out Klimt's existing auction record by more than \$15 million. in 2006



LARGE INTERIOR, W11

This wonderful group portrait by Lucian Freud represents one of the more contemporary offerings from the Allen collectio. Large Interior, W11 (after Watteau) (1981–83) sold for \$86.2 million, setting a new record for the British painter



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