



REalVIEW

Dear Readers,

REalVIEW is a monthly news digest bringing to our clients and well-wishers news updates on major developments in the realty industry. The periodical will keep the readers updated on the significant changes and trends affecting real estate development within the country as well as globally, thus helping them in taking informed and calculated investment decisions

Responsibly yours,

Sunil Kumar V
Founder & Managing Director
Asset Homes

Unravelling Kerala: Kerala ready to ride India's tech boom



Kerala is a state in the making. Situated in southern India, it has long been overshadowed by industrialized powerhouse cities such as Bengaluru, Hyderabad and Chennai. But with the state, good governance and government paving the way for a booming technology sector, created significant direct and indirect employment opportunities as well as created opportunities in the growth of the real estate sector and also opened up avenues for investment. It has to be noted that, as per Public Affairs Index 2018, Kerala stands as the best governed state for the third consecutive year since 2016 among the large states in the country.

Non-resident Keralites working in the Gulf countries have typically fueled the state's largest most urbanized cities, with remittances accounting for more than one third of Kerala's economy, helping to make the state one of the wealthiest in India.

Kerala has earned the reputation of being one of the country's top consumer states, exceeding India's average spending on food and non-food categories. Tourism, which accounts

for almost 10 percent of the state's GDP and 24 percent of its employment, has been a vital sector in the growth of its economy.

Preparing for change

The potential for Kerala's future prosperity is undergoing a transformation, with hopes pinned on its ability to emulate highly successful technology-driven neighboring states so as to create its own world class cities.

The Kerala government has already built large scale commercial hubs - Thiruvananthapuram (Technopark), Kochi (Infopark) and Kozhikode (Cyber Park) and also invested in physical infrastructure like national highways, airports, ports and Metro Rail. It is now considering funding to get the state's startup economy booming, complementing the conducive policies in place to gear for this transformation. With the strong physical infrastructure and human resources strength, Kerala has adopted digital facilities.

Kerala started Startup Mission in the year 2007 as 'Technopark Technology Business Incubator', presently being called as Kerala Startup

Mission (KSUM), which is a nodal agency of GoK for implementing the entrepreneurship development and incubation activities in the State. In order to the strengthen the mission, Kerala has introduced Youth Entrepreneurship Development Programme targeted to foster entrepreneurship skills among the youth in Kerala which includes key initiatives like Raspberry Pi Programme, Startup Box Campaign, Startup Boot camp, Startup Leadership Academy and Training programme, International Entrepreneurial Exchange Programme, FABLAB Programme, Entrepreneurship Driving Programme, Performance Linked Scheme and Patent Support Scheme. As per Annual Plan 2017-18, the state has earmarked INR 7999 lakhs for startup mission, which is about 15 percent of the overall share.

As a result of this groundwork, the state's two main southern cities – Trivandrum and Kochi (its part of Ernakulam district) – are modernizing at great speed and have above average rates of urbanization, prompting an evolution in all core real estate asset classes (Commercial, Retail, Residential and Hospitality development). Though Kochi being the financial capital and Thrissur being the major commercial & business hub of the state as well as for South India, bordering Ernakulam district, similar kind of impact and trend is being witnessed till date. Further Cochin International Airport borders and caters the regions significantly, which further attributed real estate development.

Thrissur – fast emerging commercial market

In the commercial asset class, Thrissur is regarded as a fast emerging market. Thrissur is also referred to as the Golden City of India as the region has a strong base in the manufacturing sector especially with respect to Gold Jewellery, Diamond cutting & Polishing. Unlike Kochi and Trivandrum, it is yet to build large-scale Grade A office spaces, but with the state government initiative and augmentation on InfoPark at Koratty and buying large parcels of land on the outskirts of the city for industrial (includes Food & Agro Industry, Engineering Industry, Electronics & Hardware, IT / ITES Sector & Gems & Jewellery), this is tipped to change the existing scenario. Also, most of the industrial investments in Ernakulam district are more towards the northern region of Kochi bordering Thrissur.

The other two cities both have noteworthy technology-focused commercial office developments. Trivandrum's Technopark is owned and administered by the state government and home to multinational IT firms. Kochi's Info Park was also developed by the state government. But whereas Smart City project, which adjoins Info Park is in tandem with Dubai Holdings – a joint venture between the Dubai government backed financial investment arm (84% share) with Kerala Government.

Thrissur is considered to be a support (Spoke) to primary IT markets in Kochi and Trivandrum, providing tenants a more cost-effective alternative. It has also reaped rewards for its easy connectivity to Info Park and Technopark via a national highway bypass.

A luxury retail market

Keralites have a penchant for luxury homes, with more than 55 percent owning large residential properties and only 5 percent of the population living in dilapidated homes.

Currently, Trivandrum's Technopark is the prime driver for real estate developments in that city, but due to the region's high numbers of educational and healthcare institutes, and the expectation of more infrastructure projects, this may change.

There is scope in the future for alternative residential market categories such as student housing so as to cater to a diverse population. Trivandrum and Kochi currently have a 38 percent share in student enrollment in the higher education space, but the capacity of hostels on university campuses cater to less than 10 percent of total student enrollment.

Kochi's waterfront location is also proving to be a boom for developers, with properties selling well and commanding premium prices. Even though Kerala has witnessed natural calamity, post flood, still the waterfront properties commands premium. Thrissur is jumping on the luxury bandwagon too, with the majority of proposed and launched projects targeting the upper-middle income population.

Our data reveals that up to 70 percent of stock in Trivandrum and Kochi is sold, while well-developed Thrissur stands at 75.8 percent sold. While the residential supply in the three largest cities used to be marked by disorganized developers, over the last decade, members of the Confederation of Real Estate Developers Association of India have made significant regulatory impact on the market.

This has improved the quality of new projects since these developers account for a dominant share in terms of supply. This may help to institutionalize these burgeoning markets and make them more lucrative for investors.

Key Statistics:

- Tourism accounts for 10% of Kerala's GDP and 24% of employment
- 55% of the state live in larger houses, only 5% live in dilapidated homes
- 70% of stock in Trivandrum and Kochi is sold
- Thrissur is 75.8% sold
- 46% of Kerala's university students are located in focus cities (Kochi, Trivandrum, Thrissur)
- 38% share is in Trivandrum and Kochi alone
- University hostels cater to less than 10% of enrolled students.
- Poor maintenance of university campus accommodation has resulted in 30% vacancy in Trivandrum
- The three focus cities account for 60% of Kerala's tourists
- Three cities account for 45% of hotel stock in Kerala

Builders anticipate near future demand for 40,000 new houses in Kochi



Real estate developers in Kochi anticipate a near future demand for 40,000 fresh dwelling units in the city and suburbs given the current trends in expansion of IT-related work spaces.

Ravi Shankar T.N., president of CREDAI Kochi, said on Thursday that the Kerala real estate business looked like being in a boom phase even as four million sq.ft. of IT-related work space was being newly added by major builders in InfoPark and Smart City.

Speaking to The Hindu on the sidelines of the two-day CREDAI Statecon 2023 here, he said infrastructure was needed to handle the rising demand smoothly, including decongesting roads that faced bottlenecks during rush hours.

He added that taking development away from the present centers to areas further to the wings of the district could help ease pressure on the present hubs. For instance, he said, the government had acquired around 300 acres near Amballoor for an electronics park. Building smart spaces in

these areas could ease congestion and spread business hubs.

CREDAI also welcomed the Kochi Corporation's decision to take all stakeholders into confidence before finalizing the masterplan for the city. The zoning of Kochi would give an idea to the builders for locating sites for new projects.

The present plan on which builders and individual home-builders in the city are forced to rely on is around three decades old. The new masterplan will serve the planned expansion of the city, it said.

Builders expect substantial growth in business in Kerala. Mr. Shankar pointed to the growth and diversification in the tourism sector post-COVID. Kerala has built a reputation as a wedding destination, an offshoot of its tourism industry, he said.

There is a shortage of around seven million affordable houses in the country as a whole. The demand for houses, spread over 1,000 sq. ft. offered a great business opportunity to the sector, he added.

<https://www.thehindu.com/news/national/kerala/builders-anticipate-near-future-demand-for-40000-new-houses-in-kochi/article67488946.ece>

Indian Real Estate Signals Promising Trends In 2024



The real estate scene in India is looking up for 2024, offering a wealth of possibilities and a range of choices for potential buyers. Industry reports suggest an overall positive outlook, signaling growth and stability, though there are also potential challenges on the horizon. While the pace may not match the record surge of 2023, experts anticipate a steady upward trend driven by a robust economy, favorable demographics, and government initiatives such as PMAY.

Anticipated growth remains strong in the residential sector, particularly in mid-range and budget-friendly categories (Rs 45 lakh to Rs 1 crore). However, the premium and luxury segments are also expected to hold their own and perform well in the coming year.

Prashin Jhobalia, VP, market strategy at House Of Hiranandani, said, "We have seen surging interest from both national and international fronts present compelling evidence of the real estate market's robust recovery. The increasing allure from GCC countries for NRI investors, marked by a remarkable uptick in 2023, underscores a positive trajectory and emphasizes the enduring global appeal of the Indian real estate market."

"The liberalization of FDI norms in the real estate sector has successfully attracted foreign investors, contributing to enhanced transparency within the industry. This heightened interest, coupled with a substantial overall increase compared to 2022, not only mirrors a healing real estate market but also establishes it as one of the most enticing industries for investment," Jhobalia added.

"Looking forward, we are excited about the upcoming technological strides in the industry that will take the home-buying experience to new heights. Luxury housing will remain a key focus. The changes we have seen in recent years highlight how committed we are to adapting and innovating, ensuring we are always ahead in meeting our customers' changing needs," Jhobalia added.

Lincoln Bennet Rodrigues, chairman and founder, The Bennet & Bernard Company, known for luxury-themed homes in Goa, said, "With all factors positive, India is poised to see positive growth in demand in the housing sector in 2024. This might not be true for all regions. The ascension trend that began in late 2022, will continue until next year."

"Major investment is expected from the NRIs as India is becoming the land of positive returns, which will also augment the contri-

bution of real estate to India's GDP. Parallely, we will also see a rise in the domestic market as the rental real estate business is at its peak due to the higher disposable income of the middle class. To sum up, 2024 looks to be a good year for real estate and ancillary businesses, and we hope this trend continues well into the future."

Sandeep Ahuja, MD, Atmosphere Living, said, "There has been a notable shift as homebuyers in 2023, especially millennials, are moving away from traditional thinking to integrated luxury real estate. Sales of luxury homes have also broken records, and this trend is expected to continue into 2024. Current trends indicate a preference for real estate properties that combine sophisticated home designs with high-end amenities. In the Indian real estate landscape, Ahuja said there is a growing demand for ultra-luxury residences. Though, there is a gap in the market for indulgent serviced homes catering to affluent consumers. "Looking ahead, it is anticipated that branded ultra-luxury residences with tailored amenities will define the new standard for luxury in the future of real estate," Ahuja added.

Ramani Sastri, chairman and MD, Sterling Developers, said, "A recovery in property prices and rise in yields has made investment in residential properties attractive yet again and has been responsible for continued demand in the sector. The long-term benefits of owning a home have led to sustainable growth in the segment and we see this up-cycle continuing in 2024.

"An increase in earning potential, end user-driven demand, a need for a better standard of living and the growing base of aspirational consumers and their lifestyle changes have led to substantial demand and growth in the sector. With economic growth, the premium housing segment too will continue to witness higher demand in the future," Sastri said.

Sastri added that looking ahead, the future holds immense promise for the Indian real estate sector. India's real estate market is one of the most dynamic and fastest-growing in the world. Real estate investments hence remain one of the most desired investments due to their strong base and reliability factor.

"We will continue to see a multi-fold growth in real estate investments since the real estate market is less volatile than other investment markets and delivers higher returns. Overall, consumers are keen to buy homes as stability and security is on top of their mind now and the recent past has been testament to the fact that home buyer confidence is at an all-time high," Sastri said.

<https://realtynxt.com/news/indian-real-estate-signals-promising-trends-in-2024>

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