



REaVIEW

Dear Readers,

REaVIEW 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

How India's 2024 real estate policies propel sustainable economic development



The real estate industry in India stands poised at the threshold of a transformative year in 2024. Characterized by a delicate balance of cautious optimism and burgeoning potential for growth, the sector plays a pivotal role in shaping the nation's economic landscape. In 2024, the Indian real estate sector exhibits promising indicators of market growth, fueled by stable interest rates and an upswing in property prices. This positive path creates an atmosphere of cautious optimism, suggesting a short-term boom. However, beyond immediate gains, the significance of real estate policies takes center stage, marking a crucial juncture for long-term economic sustainability.

Government initiatives, including infrastructure development and the 'Housing for All' initiative, underscore the sector's commitment to stability and accessibility, fostering an environment conducive to sustained economic growth. As the industry grapples with challenges and opportunities, the real estate policies set forth in 2024 emerge as key drivers, holding the potential to contribute significantly to a thriving and sustainable economy in the long term.

Positive Indicators and Opportunities

The positive curve of India's real estate sector in 2024 is underpinned by robust market growth observed in the preceding year, particularly in 2023. Latest reports from the Indian real estate industry indicate a continuation of this upward trend, showcasing resilience and promise. The confluence of stable interest rates and escalating property prices has fueled a demand surge, primarily in the residential segment, creating a buoyant market atmosphere. Government initiatives play a pivotal role in fostering stability and accessibility within the real estate landscape. The implementation of the "Housing for All" initiative underscores a commitment to making housing a reality for every Indian citizen. This strategic move not only addresses the housing deficit but also propels economic activity by generating employment through construction and related sectors.

Further contributing to the positive outlook is the industry's sustainability push, exemplified by policies like the Green Rating for Integrated Habitat Assessment (GRIHA). These initiatives promote eco-friendly construction practices, aligning the real estate sector with global trends toward environmental consciousness. As sustainability becomes a focal point, developers and homebuyers alike are increasingly embracing green building standards, signaling a positive shift in the industry's ethos.

Challenges and Considerations

The real estate sector in India, while witnessing positive indicators, is not without its set of challenges and considerations that merit careful attention. Foremost among these is the critical importance of effective policy implementation.

While policies are devised with the best intentions, their success hinges on meticulous execution, streamlined processes, and a commitment to transparency. The industry must collaboratively work towards ensuring that governmental initiatives translate into tangible outcomes on the ground.

Affordability emerges as a paramount concern for fostering sustainable and inclusive growth. Despite commendable initiatives like the Pradhan Mantri Awas Yojana (PMAY), addressing the housing needs of low and middle-income segments, challenges persist. The complexities of land acquisition and the need for well-developed infrastructure in affordable housing projects require ongoing attention to bridge the affordability gap and facilitate broader economic participation.

The delicate task of balancing the market introduces another layer of consideration. While the overall market showcases positive trends, there's a need for vigilance, especially in the luxury segment. Some experts caution about the potential for corrections in this high-end market, emphasizing the necessity for measured growth and equilibrium to prevent market imbalances.

Specific Policy Examples and its Impact

The impact of specific policies and insights from industry experts play a crucial role in shaping the landscape. One notable policy with substantial implications is the increased rebate on home loan interest rates, as proposed in Budget 2024. This measure aims to make homeownership

more accessible, stimulating demand and potentially propelling the market forward. The economic significance of such policies is underscored by their direct influence on consumer behavior and market dynamics.

The government's strategic focus on Tier II and III cities is another policy move that bears significant weight. Initiatives like the Smart Cities Mission not only promote infrastructure development in smaller cities but also open up new avenues for real estate growth beyond the traditional metros.

The potential integration of a centralized digital property registration platform is yet another policy direction that aligns with global trends, aiming to enhance transparency, speed up transactions, and reduce fraud. Such digitalization efforts can revolutionize the real estate sector, streamlining processes and fostering a more efficient market.

Emphasis on sustainability is a recurring theme, with experts anticipating a heightened focus on eco-friendly features and green technologies in 2024. This shift not only aligns with global environmental concerns but also reflects changing consumer preferences. Furthermore, the industry's call for granting 'industry status' to real estate underscores the need for broader recognition, offering potential benefits like easier access to credit and tax breaks.

Market size and growth projections

In the context of the Indian real estate industry, a forward-looking perspective involves a thorough examination of data and projections for the year 2024. Market size and growth projections indicate a robust trajectory, with experts predicting a 15-20% growth in new residential launches. This momentum underscores the sector's resilience and continued market activity.

Affordable housing initiatives, such as the Pradhan Mantri Awas Yojana (PMAY), remain pivotal in addressing housing needs. As of December 2023, over 3.8 crore houses have been sanctioned under PMAY-Urban, contributing significantly to increased housing supply for low-income groups. The government's ambitious target of completing 1 crore houses under PMAY-Urban by 2024 signifies a concerted effort to bridge the housing gap.

Foreign Direct Investment (FDI) emerges as a catalyst for economic growth within the real estate sector. With the government allowing up to 100% FDI in specific segments, there exists a potential influx of foreign capital that could significantly contribute to the industry's expansion. This not only fosters economic growth but also positions India as an attractive destination for global real estate investment.

Employment statistics further underscore the sector's socio-economic impact. The real estate and construction sector currently employs over 80 million people in India, reflecting its significant role in job creation. As the industry grows, there's a parallel opportunity for increased employment, contributing to the overall socio-economic development of the country.

However, amidst these positive projections, challenges persist. Vacancy rates in certain cities, despite strong demand, highlight the need for a balanced approach to development. Additionally, fluctuations in interest rates pose potential challenges, necessitating vigilant monitoring and adaptive policy measures.

Conclusion

The Indian real estate sector in 2024 paints a complex but promising picture, and as a real estate developer, I discern the nuances that shape its trajectory.

The sector's positive indicators, marked by market growth, government initiatives, and sustainability measures, are juxtaposed with challenges like policy implementation, affordability concerns, and potential market corrections in the luxury segment. This intricate interplay underscores the need for a balanced and informed approach to navigate the evolving landscape.

In this vibrant scenario, staying informed is not merely a strategy but a necessity. The real estate landscape is subject to continuous change, and professionals must remain vigilant, drawing insights from reliable sources, industry reports, and expert opinions to make informed decisions.

The emphasis on long-term sustainability is not just a goal; it's a commitment to shaping a real estate sector that not only thrives today but contributes significantly to India's economic and social well-being in the years to come.

Real estate in India may reach \$1.5 trillion by 2034 – Here's why



As the country embarks on a growth trajectory, the Indian real estate sector becomes more promising. Fueled by urbanization, middle-class expansion, infrastructure development, significant foreign investments, and unwavering government support, the sector is set for unprecedented growth and transformation. This trajectory has not only maintained the sector's allure but also opened up a world of opportunities for investors, promising potential for significant profit across residential, commercial, and retail segments.

As the country ventures into the realms of the future, India's real estate landscape appears to be more dynamic by 2034. A recent report by Knight-Frank India-CII forecasts that by 2034, India's real estate sector is expected to expand to \$1.5 trillion, with the residential market leading at a value of \$906 billion, followed by the office sector at \$125 billion. This forecast has filled the sector with great enthusiasm and dedication to offer more to the public.

Commenting on the same, Manoj Gaur, President, CREDAI NCR and CMD, Gaur's Group, said, "The Indian real estate sector has witnessed massive growth in the last two years. The demand has grown tremendously due to various factors like massive infrastructure development, increased purchasing power, and stable economy. The introduction of RERA also brought back the trust in the industry. All these factors resulted in robust demand. The residential sector in India is experiencing an upcycle. This rise in demand has instilled greater confidence among developers to curate more projects that will cater to the diverse needs of buyers. We see good times ahead and greater contribution of real estate sector in the Indian economy."

Also Read: Unable to get a loan? Follow these tips to enhance your loan eligibility

The report also underlines the robust demand for residential and commercial properties, with the residential market expected to lead the growth at a value of \$906 billion. This demand is driven by a young population and urban expansion, providing a stable market for developers. Furthermore, the commercial real estate sector, especially the office spaces, is expected to witness a significant rebound, fueled by the expansion of Global Capability Centres.

Regarding output, India's real estate market is currently estimated at \$482 billion, contributing 7.3% to the total economic output. The report forecasts that by 2034, the sector will expand to \$1.5 trillion, contributing 10.5% to the total economic output.

"The change in people's lifestyle has led to an increase in residential properties in the country. This upsurge in demand is anticipated to establish affordable housing and luxury segments, catering to the evolving India's demographic landscape. This rise in residential properties will further increase the demand for commercial properties in the vicinity, thus allowing developers to strengthen their presence in the country and contributing to India's economic growth," said Neeraj Sharma, MD, Escon Infra Realtors.

Reflecting on the forecast, Pawan Sharma, MD, Trisol RED, said, "Considering recent times, the burgeoning urban population will increase the demand for housing in the country. With this increase in demand, we foresee strong sales in the coming years, leading to this we craft more and more projects. Undoubtedly, this will enhance the confidence of Indian homebuyers and boast an aspirational and continuous growth in the real estate sector."

Real Estate vs Gold: Which is a better investment option?



Real estate has always been considered an investment option that provides security to the investor. Real estate also has the potential to create regular income channels via rental yields, in addition to providing tax benefits.

On the other hand, gold has historically been used as a hedge against inflation, and it continues to be part of the investment portfolio of most to mitigate financial risks during inflation, economic, social and geopolitical crises. Experts say in comparison to other financial assets, gold offers a unique proposition – it tends to move higher when stocks are in steep decline.

Rajat Rastogi, Executive Director, Runwal Group says, “With real estate investment, one also enjoys price appreciation, especially when the property is of a reputed developer. It is a long-lasting asset that has multiple benefits and can be passed down generations.”

Having said that, Shraddha Kedia-Agarwal, Director, Transcon Developers says, “For investors, both gold and real estate are preferred due to their own investment value.”

Note that, you can get maximum returns when you choose the right options in investment. Experts say it is always a smart choice to invest in gold, but real estate has the potential to generate passive income for investors in the form of monthly rentals in cash.

Having said that, one of the biggest advantages of gold is that one can be flexible with investment size or the amount. Agarwal points out, “Gold comes with the risk factor while real estate investment is not only a safe and secured investment, it can also generate better returns over a period of time.”

Sachin Chopda – Managing Director, Pushpam Group explains, “The value of a property can increase in time and the owner can also get a high return on investment in the long term. It all depends on the purpose of the investment and how much risk the person is willing to take. If you have chosen the right property after the due diligence, you won’t ever regret your investment.”

However, considering long-term investments, people have their personal preferences, regarding investing in gold or real estate.

Rastogi points out, “Though gold has low volatility and is highly preferred in Indian households as it is considered auspicious, it lacks the numerous benefits associated with real estate.”

Additionally, note that you can still earn a regular income if you use real estate as a rental property. So, if approached in the right way, Agarwal says “real estate can deliver some incredible profits to an individual irrespective of short or long term.”

<https://www.financialexpress.com/money/real-estate-vs-gold-which-is-a-better-investment-option-2496680>

The evolution of premium housing market in Tier-2 cities



India, the fastest-growing major economy, is on track to becoming a \$5.0 trillion economy by FY2026-27. To achieve this ambitious goal, a significant shift in focus is underway. While tier-1 cities remain important, the focus is gradually shifting to the upcoming urban centres.

Tier-2 cities in states like Uttar Pradesh are poised for a real estate boom with projects exceeding Rs 50,000 crore, promising substantial job creation for the state's youth, according to government sources. Notably, key developments are underway in Moradabad, Noida, and Ayodhya, attracting attention from prominent real estate firms, both domestic and international. Also, the real estate industry body, the National Real Estate Development Council (NAREDCO), recently highlighted the positive impact of the new Ram Temple on Ayodhya's real estate. It is anticipated that the city will see significant improvements in its real estate infrastructure. According to a report by Cushman and Wakefield, tier-2 cities such as Bhubaneswar, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Nagpur, Surat, Thiruvananthapuram, and Visakhapatnam are emerging as promising destinations for real estate development. Lower land values and higher profit margins in these tier-2 cities are attracting developers, leading to organized growth in the real estate sector.

Luxury Housing Boom in Tier-2 Cities

Building on this momentum, the luxury real estate segment is experiencing a surge in demand beyond metropolitan areas. Factors such as soaring property prices, increased economic activity, and robust amenities like schools and hospitals are driving this shift. ANAROCK's Consumer Sentiment Survey indicates that 26% of property investors are now inclined towards tier-2 and tier-3 cities, reflecting a changing trend in real estate investment preferences.

Driving Forces Behind Investments in Tier-2 Cities

Rapid urbanization, with a rise from 32% in 2013 to around 36% in 2023, is straining existing infrastructure in tier-1 cities. This shift is diverting attention towards tier-2 and tier-3 cities with untapped development potential.

Unlike major cities struggling with limited infrastructure, tier-2 cities can implement greenfield infrastructure projects. Government initiatives like Smart Cities and AMRUT are providing substantial support, leading to employment opportunities,

capital appreciation, and enhanced rental values.

Additionally, the government's smart city plan has triggered rapid infrastructure development in tier-2 cities, including the introduction of metro services in cities like Kochi, Jaipur, and Lucknow. Well-established airports and super corridors further enhance connectivity, making these cities attractive for property investments.

Furthermore, the greater reach of e-commerce, coupled with growing aspirations and discretionary spending, is fuelling demand for retail spaces in tier-2 cities. Over 30 major domestic and international retail brands have entered 14 tier-2 cities, according to a report by CBRE, signalling the growing appeal of non-metros among organized retailers.

The Emergence of Luxury Villas in Tier-2 Cities

Luxury residential hotspots are emerging in tier-2 cities, driven by changing buyer preferences and the desire for more significant living spaces. These exceptional homes redefine luxury with their unique designs, flexible layouts, and a fusion of top-notch amenities. Nestled away from the city's hustle and bustle, these villas offer a tranquil lifestyle, bringing a breath of fresh air to Tier-2 urban living. Boasting lavish interiors and smart living features, these residences not only provide comfort but also elevate the living experience. With a blend of serenity and cutting-edge technology, these premium villas reshape the very definition of luxury in Tier-2 cities, making them an attractive choice for those seeking a refined and exclusive lifestyle.

Investment Potential in Tier 2 Cities

Investors are recognizing the stability and appreciation potential of property prices in tier-2 cities. Luxury villas offer viable investment opportunities for long-term capital gains. As these cities develop and offer a higher quality of life, they become attractive for both residents and investors.

The Future of Luxury Living in Tier-2 Cities

The surge of luxury villas in tier-2 cities is redefining luxury living. Beyond glossy facades and modern interiors, these developments create a deeply personalized, exclusive, and aspirational lifestyle. As more homebuyers seek a heterogeneous mix of luxury and individuality, these upscale offerings are poised to continue their ascent, shaping the future of luxury real estate in tier-2 cities.

<https://www.financialexpress.com/money/spurt-in-credit-to-real-estate-as-housing-sales-boom-3439795/lite/>



ASSET

Responsibly Yours

CORPORATE OFFICE

Asset Homes Pvt. Ltd., No. XV/246C,
Asset Centrale, NH Bypass,
Kundannoor Junction, Maradu P.O.,
Ernakulam, Kochi - 682 304,
Tel: 0484 4344 999, 4345 000

AssetHomesOfficial
 AssetHomesKochi
 assethomes_
 AssetHomesKochi
 assethomes



(An ISO 9001:2015 Certified Company)

www.assethomes.in

CREDAI



KMA