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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

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Sunil Kumar V
Founder & Managing Director
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ECONOMIC SURVEY HIGHLIGHTS REAL ESTATE BOOM, DEMAND TO HIT 93 MN BY 2036



India's real estate sector continues to expand, driven by sustained demand for housing and office spaces across the country, according to the Economic Survey 2024-25. Released ahead of the Union Budget, the survey attributes this growth to economic stability, positive market sentiment, and significant infrastructure developments, including metro expansions, road upgrades, and enhanced connectivity beyond Tier-I and Tier-II cities.

Citing research from real estate consultancy firms, the Economic Survey projected that India's housing demand could reach 93 million units by 2036. Additionally, it noted that the residential property market had achieved an 11-year high in sales volume during the first half of 2024. Sales across the top eight cities registered an 11 per cent year-on-year growth during this period.

As of November 25, 2024, 11.8 million houses have been sanctioned, with 11.4 million under construction and over 8.9 million completed. In September 2024, PMAY-U 2.0 was introduced to support an additional one crore households. So far, 29 states and Union Territories have signed agreements to implement the scheme, and approval has been granted for six lakh houses in FY25.

Impact of regulatory reforms: RERA and GST

The Economic Survey underscored the role of regulatory reforms, particularly the Real Estate (Regulation and Development) Act (RERA) and the Goods and Services Tax (GST), in transforming the sector.

RERA has brought multiple improvements to the real estate industry, including enhanced transparency, safeguards against fraudulent activities, timely project completions, and measures to prevent fund mismanagement. Following RERA's implementation, India ranked 31st out of 89 countries in the Global Real Estate Transparency Index in 2024.

The survey provided an update on the implementation of RERA, stating that as of January 6, 2025, all states and Union Territories — except Nagaland — had notified the RERA rules, and regulatory authorities had been established. It also reported that 1.38 lakh real estate projects and 95,987 real estate agents had been registered under RERA, while 1.38 lakh complaints had been resolved nationwide.

The Real Estate (Regulation and Development) Act, 2016, was passed by the Rajya Sabha on March 10, 2016, and by the Lok Sabha on March 15, 2016. It received presidential assent on March 25, 2016, with some sections coming into effect on May 1, 2016, and the remainder from May 1, 2017.

GST's role in simplifying taxation

The Economic Survey also highlighted the benefits of GST in the real estate sector. GST streamlined the taxation structure by implementing a single, uniform tax system across states. The survey mentioned that this had encouraged proper invoicing and documentation, thereby minimising tax evasion.

The survey observed that Real Estate Investment Trusts (REITs) had further strengthened the commercial real estate sector. It noted that the government had introduced REITs as an investment tool, allowing investors to pool resources and invest in income-generating properties. This initiative has enhanced liquidity in the commercial real estate market and attracted institutional investors.

Additionally, it pointed out that online platforms for building plan submissions and approvals had helped reduce delays and improved transparency in the process. The Digital India Land Records Modernization Programme was also mentioned as a key initiative aimed at creating a more efficient and accessible land record management system.

RESIDENTIAL REAL ESTATE SALES TO GROW 17% IN FY25: IND-RA



NEW DELHI: The residential real estate market is expected to register a strong performance in FY25, where the sales growth will be around 17% year-on-year in terms of area sold (sq ft of area sold) and around 15% in terms of units sold for the eight real estate clusters, according to India Ratings and Research (Ind-Ra).

The rating agency has maintained a neutral outlook for the residential real estate sector for FY26.

Growth in bookings is likely to reduce significantly due to the high base, high prices and a likely slowdown in the luxury segment.

Mahaveer Shankarlal Jain, director, corporate ratings, Ind-Ra said, "Among the top eight cities, the National Capital Region, Bengaluru, and the Mumbai Metropolitan Region are likely to remain relatively resilient in bookings, except for the luxury segment. Developers may continue to experience positive growth in collections and operating cash flows, leading to a sustained strong balance sheet. This is enabled by sector consolidation and delayed launches amid limited unsold stock,".

Ind-Ra expects property prices to increase 5%-6% year-on-year by end-FY25, then moderate to 3%-4% year-on-year for FY26, due to base effects and new launches.

Prices surged 21% year-on-year in FY24 with old stock cleared and existing inventory largely liquidated.

The government's focus on infrastructure and connectivity is likely to boost demand in tier II and III cities.

New markets namely Thiruvananthapuram, Guwahati, Bhubaneswar, and Ranchi are growing rapidly. Outer Mumbai Metropolitan Region (MMR), Surat, Vadodara, Jaipur, Nashik, Chandigarh, and Bhopal, which form over 60% of the market, grew at a 10% CAGR during 2021-2024.

Elevated interest rates and property prices in FY24 and H1 FY25 challenged affordable segment.

With price growth expected to moderate in FY26, affordability levels may marginally improve, increasing demand in the affordable segment.

Real Estate's vision for Union Budget 2025: A focus on affordability and demand



For most Indians, the ideal dream remains to own a home. Though the urban housing market is on an upward growth trajectory, for most Indians these properties are unaffordable. Stiff interest rates and slashing of tax benefits have made it difficult for people to buy homes.

The real estate sector has experienced rapid growth driven by urbanization,

infrastructural development, and the rising aspirations of individuals. Contributing 8-9% to the country's GDP, the sector plays a pivotal role in the economy. The Union Budget of 2025 is expected to introduce reforms and incentives aimed at addressing existing challenges and propelling the sector to even greater heights.

<https://www.businesstoday.in/union-budget/story/real-estates-vision-for-union-budget-2025-a-focus-on-affordability-and-demand-462709-2025-01-31>



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