



## Indian Real Estate Sector: Poised for dynamic growth!

The Indian real estate is poised for dynamic growth. As per recent research reports, India has witnessed around 27% increase in new home launches in Quarter 1 2018 vis-à-vis Quarter 4 2017. Majority of this can be attributed to the aggressive push given by the Government of India to affordable housing and various effective policy reforms in place. The market's aggregate sentiment is inclined towards end-use. As per projections, the market size of Indian real estate is anticipated to grow to \$ 180 billion in the year 2020 from \$ 126 billion in the year 2015. The game changers are recently rolled out key reforms:

- 8% GST on houses under construction
- Further relaxation in CLSS (Credit Linked Subsidy Scheme) under PMAY (Pradhan Mantri Awas Yojna) for LIG (Lower Income Group) and MIG (Middle Income Group)
- Infrastructure status to affordable housing
- PPP (Public Private Partnership) models in affordable housing
- All time low home loan interest rates
- Private equity flow

Along with residential sector, the commercial segment is also witnessing significant growth with huge influx of PE (Private Equity) flow, 100% FDI (Foreign Direct Investments) allowance and greater commitments from start-ups. As a whole, the picture for Indian real estate sector is rosy.



## Bengal witnesses corporate expansion

Bengal stands out as a favourable destination for expansion of big corporate houses in the current scenario. The IT giant Infosys has recently acquired 50-acres plot in New Town Action Area III and e-commerce giant Flipkart has decided to establish an integrated mega logistic hub in a land area of 80 acres near Kolkata.

Off late, the global professional firm Genpact has declared to expand more in the IT/ITeS segment. A G+25 commercial building will be developed in Sector V, Salt Lake for catering the strong demand. The company has stated that Bengal is a finance hub and is one of the most promising IT hubs in India. With right infrastructure in place and comparatively lower operational costs, the future is promising.

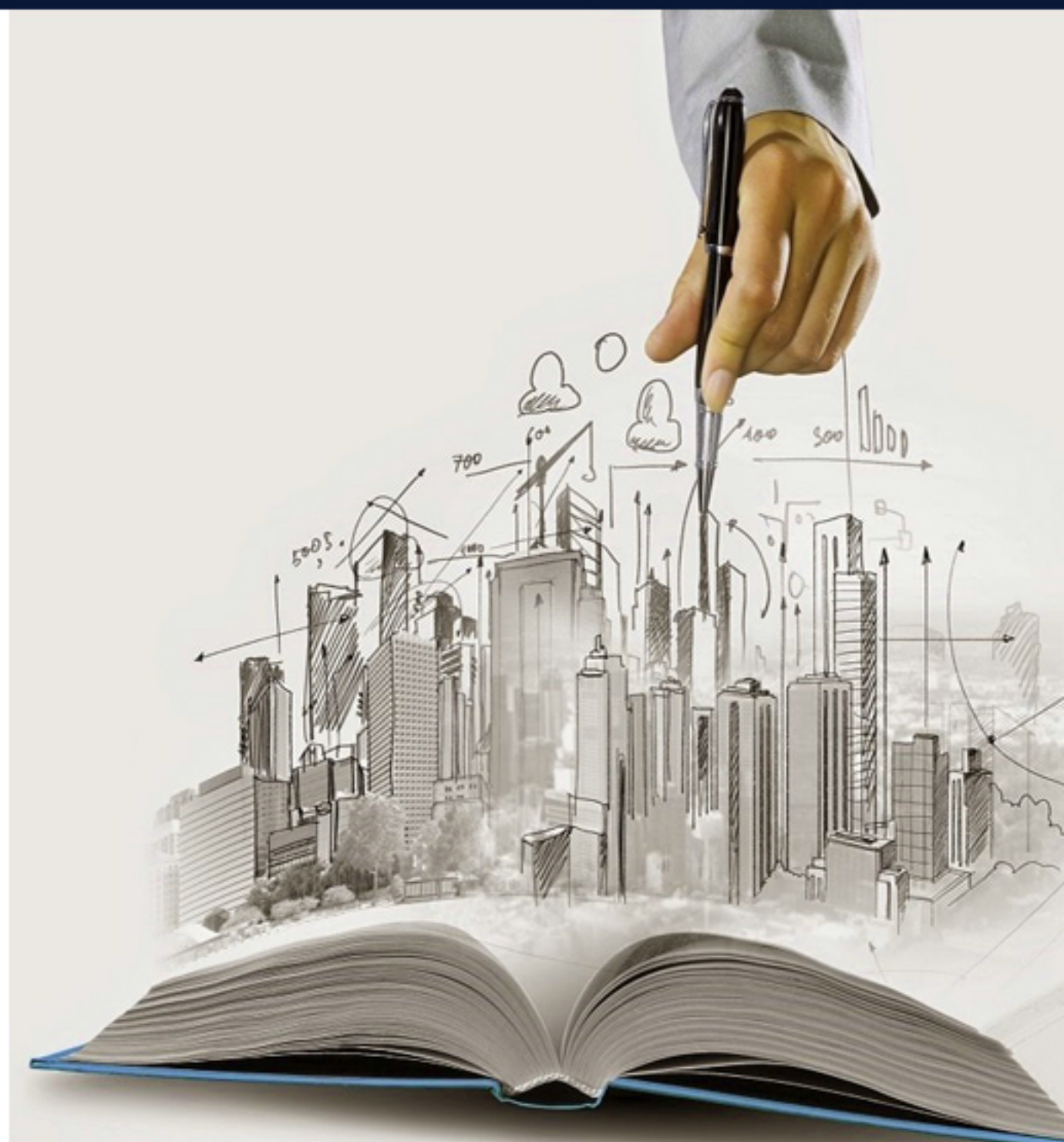
These expansions will not only help in employment generation but will improve the investment climate more. Apart from relaxing various policies for the IT/ITeS segment, the Bengal Government has also officially rolled out a new 'Start-up Policy 2016-2021' that is poised to encourage investments from young entrepreneurs and start-ups.

## CREDAI seeks further reforms

Along with the demand for a single window clearance, CREDAI (Confederation of Real Estate Developers' Associations of India) National seeks further reforms in the real estate sector from the Indian Government.

The apex body of realtors feels that the Government must work in the following areas and sought resolution for the same.

- Ease in granting of construction permits
- Proper mechanism of project and land financing
- Neutralize the gap between circle rates and market value of the property
- More clarity in funding of affordable housing
- Single window clearance
- Elimination of multiple taxation
- Calibration of stamp duty





## Kolkata's transport infrastructure lures realty market

Progress in Kolkata's transport infrastructure is putting pedal to the metal in the market. The commencement of metro expansion projects has improved sentiments of the residential belts namely Joka, Salt-Lake Sector V and Barasat. Along with this, the development of elevated corridor on Action Area II and modern bus terminus in Action Area III has also given a facelift to the areas' market quotient.

Apart from that, upcoming flyovers across the city and widening of major thoroughfares are also providing dynamic edge to the city's realty market. The State Government is putting up significant efforts to improve connectivity across the city and upgrade the infrastructure to the global standards.

## Kolkata witnesses highest rental yield

As per recent research reports, among various metropolitan cities surveyed, Kolkata has witnessed the highest rental yield. While the average rental yield among the cities recorded at 3%, Kolkata witnessed 3.9% annual rental yield followed by Bengaluru at 3.6%. Within the surveyed cities, two-third of the properties listed for rent were in the average rent of Rs. 35,000 per month and half were recorded in the range of Rs. 15,000 to Rs. 25,000 monthly rent.

The rise in the demand for home accommodation can be attributed to the various factors like:

- Infrastructural development and migration into the city
- Infrastructure development like Metro connectivity in the city suburbs,
- Construction of several flyovers and improvement in urban aesthetics
- Migration of more and more skilled labour into the city especially in the IT/ITeS sector

## Maximum financial impetus to MIG segment

Increase in carpet area threshold under PMAY (Pradhan Mantri Awas Yojna) MIG (Middle Income Group) I and MIG II to 120 square meters from 90 square meters and to 150 square meters from 110 square meters, has given a significant leeway to the middle class home buyers. The increase has brought bulk of market inventories under 3BHK and 4BHK configurations under the MIG ambit offering maximum financial impetus to the buyers in the market.

The Government of India has increased the threshold carpet area in the range of 33 to 35% under PMAY which has benefitted the most for people living in Kolkata where the average cost of living is lesser as compared to other metropolitan cities.

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