

The background features a stylized architectural illustration. On the left, a series of orange wireframe buildings recede into the distance along a perspective line. On the right, a more detailed black and white line drawing of a modern multi-story building is shown. The top half of the image is dominated by a large, light gray, semi-transparent architectural structure that appears to be a bridge or a large building facade, creating a sense of depth and scale.

# THE INDIAN REAL ESTATE MARKET:

A Holistic Analysis of Segments,  
Economics, and Policy

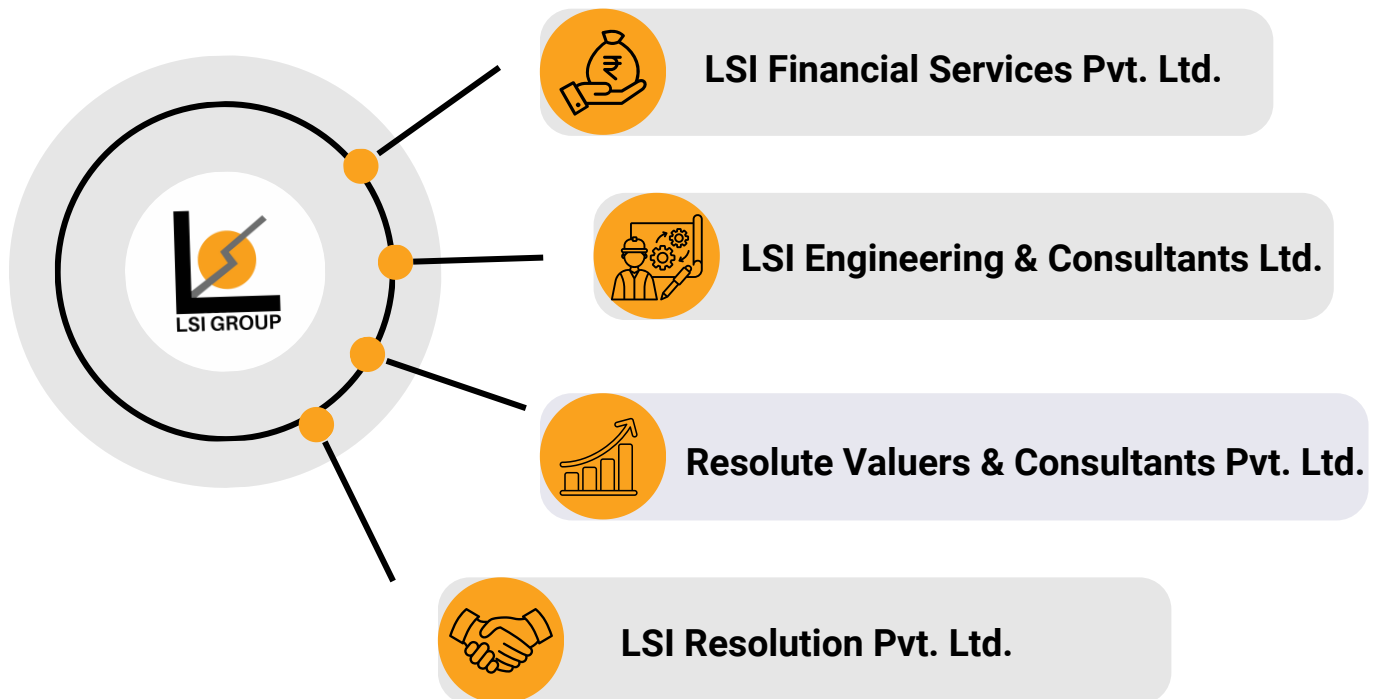


**LSI GROUP**

**LSI Financial Services Pvt. Ltd.**

# About Us

"25 years ago, we started our journey. Today, with 150 team members, we continue to uphold integrity and commitment, adding value to create world-class companies across sectors, especially infrastructure, mining, and renewable energy. With unwavering resolve and expertise in financial prudence, we are proud to contribute to making our nation the third-largest economy in the world."





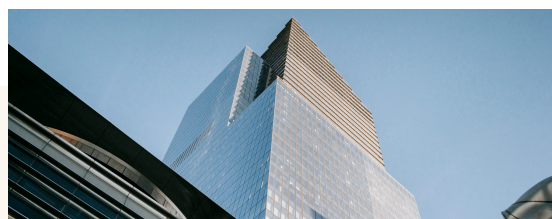


# FROM THE FOUNDER'S DESK

LSI Group was established with the mission of providing comprehensive business solutions within the Financial, Techno-Commercial and Technical sector. Over the past 25 years, we have built trusted relationships with our clients, sharing their vision for growth. Our team, comprising seasoned industry experts and emerging talent, delivers deep functional insights and innovative strategies that drive business excellence. Through our collaboration, clients benefit from increased productivity, enhanced efficiency, minimised risks, optimised costs, and time-efficient solutions. Today, LSI Group has a robust PAN-India presence, offering end-to-end business solutions across diverse industries and sectors.

At the heart of every thriving economy lies a vision, a belief that infrastructure is more than concrete and steel; it is the backbone of human progress and aspiration. India's real estate future is growing across every segment; residential, commercial, retail, and hospitality, by building inclusive, sustainable, and intelligent spaces that empower communities, elevate lifestyles, and drive economic transformation for generations to come. India's real estate journey is rooted in a vision that transcends bricks and mortar; it is about shaping sustainable communities, driving economic growth, and leveraging innovation to create a future where every individual has access to quality, affordable housing and thriving urban spaces. The Indian real estate industry stands at the cusp of transformation, driven by rapid urbanization, rising disposable incomes, and evolving consumer preferences. India's real estate journey is no longer confined to urban sprawl, it's evolving into a story of inclusive growth. Amidst the metropolitan cities, Tier-II and Tier-III cities are also rising as new economic powerhouses with sustainability shaping demand in luxury and affordable housing alike. Homes are becoming smarter, cities greener, and investments more meaningful. In every thriving society, housing is not merely a structure; it is a foundation, for dignity, for economic resilience, for human progress. At the core of this lies the belief that affordable housing is not just a market segment, it is a national imperative. By rigorously analysing the Housing Price Index (HPI) and Real Residential Property Price Index (RPPI), we have unearthed the complex interplay between affordability, investment, and prevalent macroeconomic factors. Using robust statistical models for a city-level forecasting of percentage of price change, this report identifies how the key levers shape the affordability of real estate. By decoding these underlying factors, we offer not just insights, but actionable pathways for policymakers, financial institutions, and industry leaders to rebalance India's housing market toward inclusion. This research attempts to provide a roadmap for sustainable infrastructural and urban growth that leaves no one behind. Our mission aligns with the nation's infrastructural growth narrative where smart, sustainable, and human-centric design converge. We envision an India where every square foot built contributes not only to capital growth but also to community well-being and climate consciousness.

***Rajya V Kajaria***



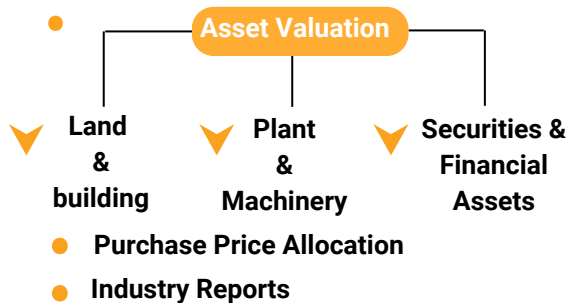
# Our Services



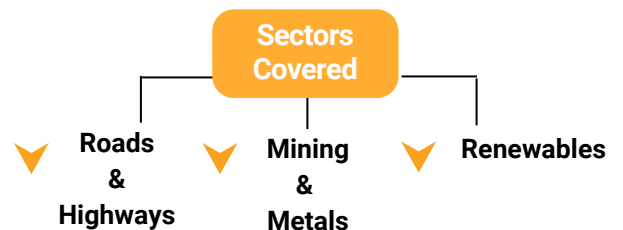
## FINANCIAL

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- Financial Due Diligence
- Transaction Advisory
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- Agency for Specialized Monitoring (ASM)
- Enterprise Valuation
- Valuation of Brand & Intangible Assets
- Valuation of Merger/Demerger

- Financial & Technical Appraisal
- Detailed Project Report Preparation
- Techno Economic Viability (TEV)
- Lenders Independent Engineering (LIE)
- Technical Due Diligence



## TECHNO COMMERCIAL



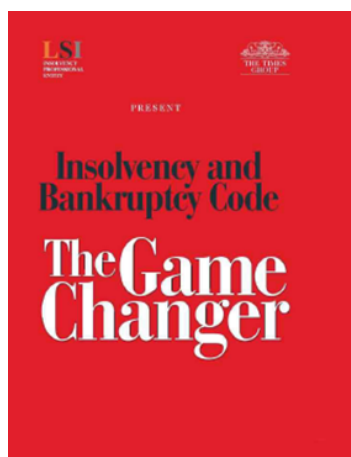
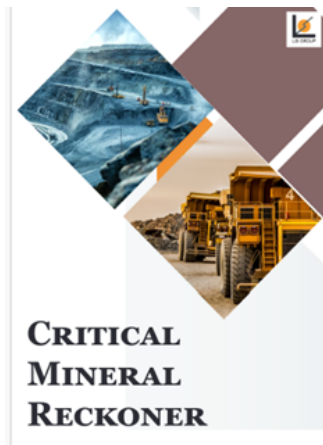
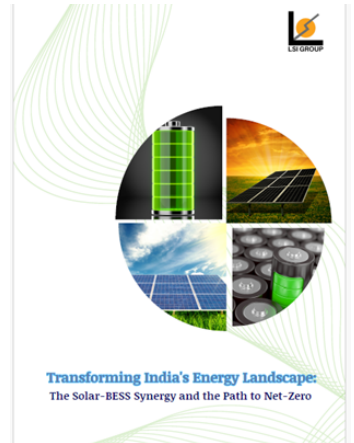
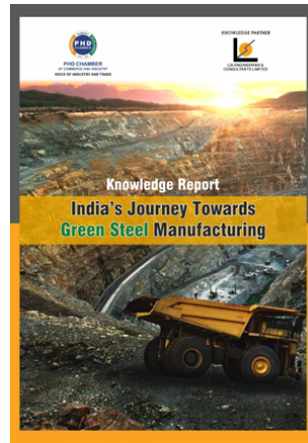
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- Engineering Services (Basic / Detailed Designs)
- Operational & Process Improvement



## TECHNICAL



# Our Publications





- ★ The Indian real estate sector is a vital economic sector, contributing to GDP, urban infrastructure, and employment. Despite challenges like regulatory complexities, market volatility, and affordability issues, it offers growth opportunities in affordable housing, sustainable development, and technological integration. Addressing regulatory barriers, financial constraints, and technology gaps is crucial for long-term stability and a balanced housing ecosystem.
- ★ The real estate sector in India contributed 7.3% to GDP in 2023 and is projected to reach 13% by 2025, with a CAGR of 9.2% from 2023 to 2028, driven by urbanization, infrastructure development, and government initiatives.
- ★ The report examines the affordability of residential real estate in India using the Real Residential Property Price Index and Housing Price Index, examining their impact on macroeconomic and microeconomic factors. Furthermore, the report delves into how the socio-development factors, demographic factors influence the Housing Price Index of the cities in India via time-series forecasting and trend analysis.
- ★ The residential real estate market is experiencing robust demand, with 10 million urban and 25 million affordable housing units needed by 2030. The luxury housing market is booming, with sales increasing 151% in FY23. Commercial real estate is expanding into Tier-II and Tier-III cities, driven by IT/ITeS growth, e-commerce, and infrastructure development. Retail and hospitality are also experiencing growth, with luxury hotel occupancy rates rising 25% in 2023.
- ★ In 2024, foreign direct investment in real estate reached USD 222.15 billion, with institutional investments reaching a record high of USD 8.878 billion, and private equity investments soared to USD 4.6 billion in 2023.
- ★ Innovations like PropTech, blockchain, and AI are transforming the sector, while smart homes, IoT devices, and green building technologies are becoming mainstream, generating USD 6.5 billion in sales in 2024. Green building certifications like LEED and IGBC are gaining popularity, with over 14 billion square feet expected by 2024. Sustainable practices like energy-efficient construction and renewable energy integration are being adopted to meet environmental goals and consumer preferences.
- ★ The challenges faced by the property market include regulatory barriers, affordability issues due to rising construction costs and high interest rates, and market volatility due to economic downturns and cyclical conditions.
- ★ The RERA enhances transparency and accountability, while government initiatives like GST reforms, REITs, and affordable housing programs drive growth. Urban planning and infrastructure development are crucial for addressing housing shortages and ensuring balanced growth.
- ★ India aims to dominate sustainable real estate development by 2030, focusing on green practices, affordable housing, and technological integration, with emerging trends like co-living and co-working spaces poised for significant transformation.





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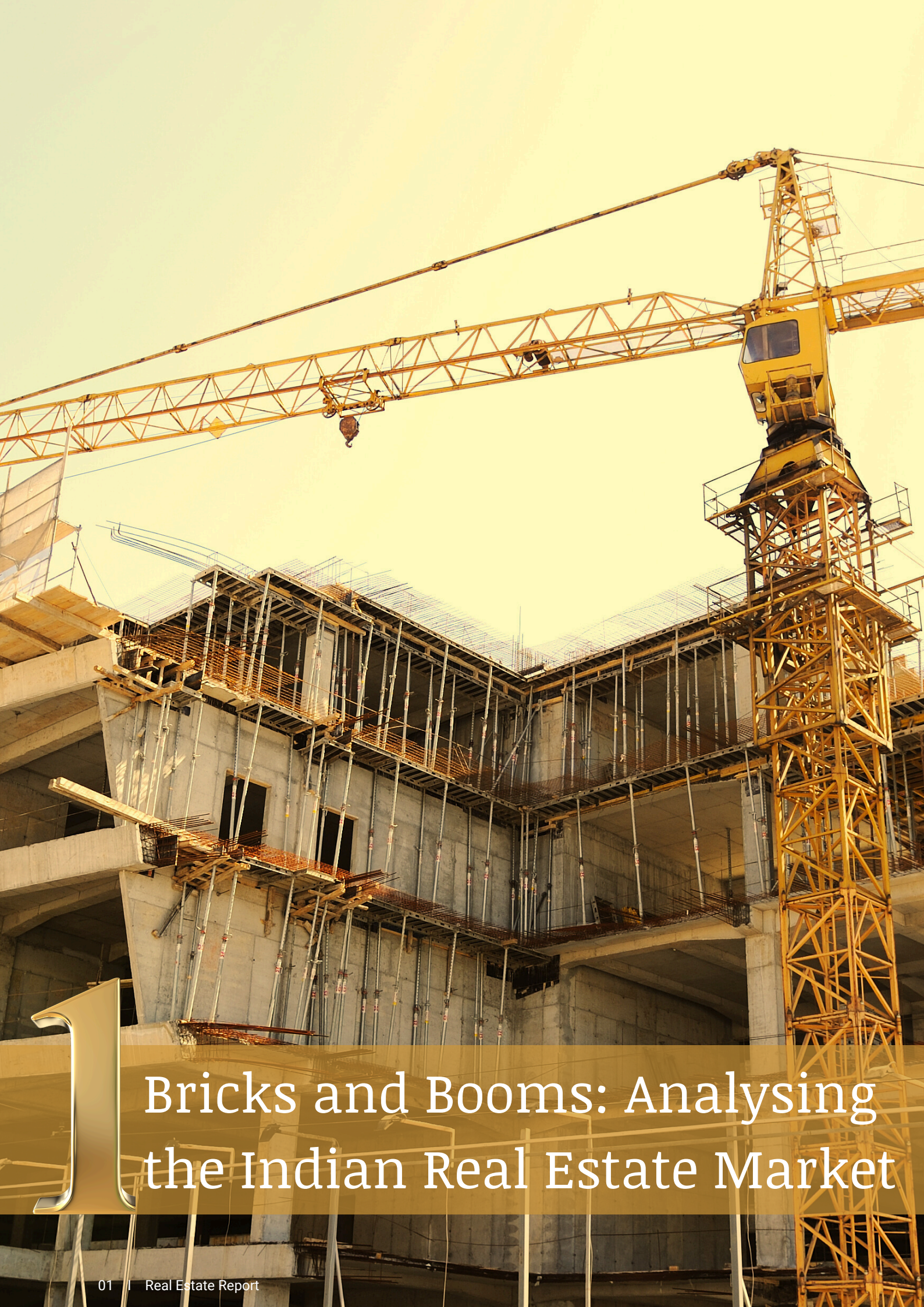


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# Bricks and Booms: Analysing the Indian Real Estate Market



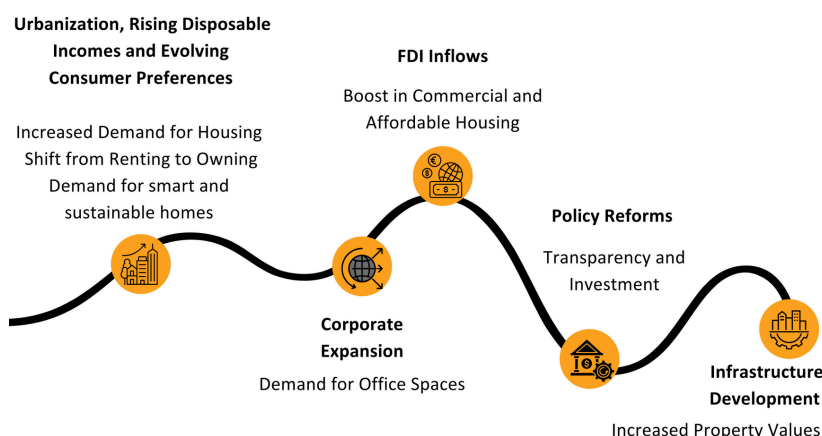


## Overview of Real Estate Sector in India

India's real estate industry, encompassing residential, industrial, commercial, and hospitality sectors, significantly impacts GDP, urban infrastructure, and job creation. The market's growth is fuelled by business expansion, urban living demands, and office space demand, accelerated by rapid urbanization, rising wages, evolving consumer preferences, and policy reforms. The industry involves land and property operations, including purchasing, selling, leasing,

and building. Despite its informality, the industry has evolved due to factors enhancing housing supply and infrastructure. Demographic changes have transformed the real estate sector into a profitable business, influencing infrastructural development and economic diversification. FDI scale has accelerated expansion in commercial and retail sectors, particularly in cities like Bengaluru, Ahmedabad, Pune, Chennai, and Delhi.

**Figure 1: Factors affecting Real Estate Industry's Evolution and Growth**



Source: LSI Research Analysis

The Indian government's initiatives have made housing more affordable, boosted residential real estate, and created a structured market, attracting investors. Improved connectivity through highways has increased property values in underdeveloped regions, addressing urban poor and middle-class families' housing needs.

Initiatives have addressed housing needs of urban poor and middle-class families, promoting growth and evolution in the real estate industry, leading to urban development. India's transition from socialism to capitalism has increased purchasing power, leading to a shift from renting to owning property.

**Figure 2: Economic Enhancement boosted by the Real Estate Industry Multiplier Effect**

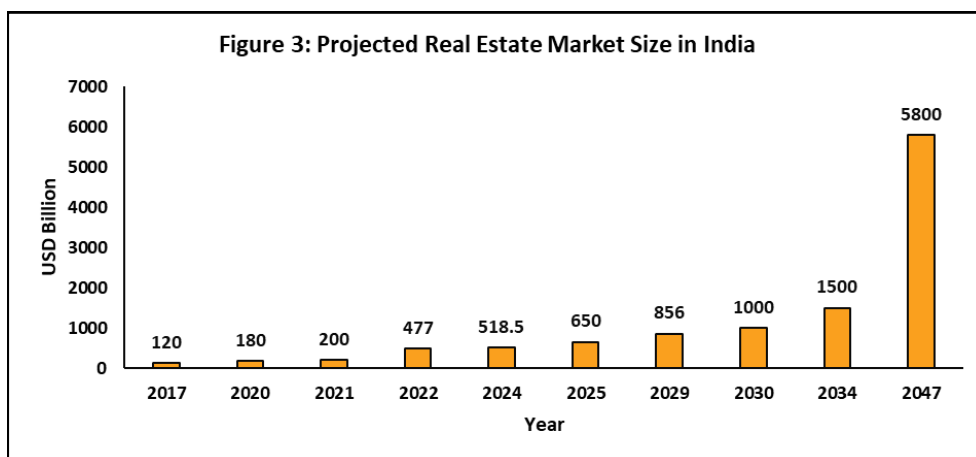


Source: LSI Research Analysis



Real estate investments in India generate multiple times the value of other sectors, stimulating economic activity. The construction sector ranks third out of 14 key industries. Rapid disposable income growth and urbanization aspirations drive growth in luxury home sales. India's top 8 cities experienced a 7% increase in housing prices due to strong demand and steady borrowing rates. The pandemic led to a 40% increase in sales in key cities like Delhi NCR, Bengaluru, and Mumbai, making them top office space hubs. Between 2000-2024, the sector attracted over USD 50 billion in FDI, mainly in affordable housing developments, commercial real estate, and REITs.

simplifying approval procedures, improving investment frameworks, implementing green building incentives, and increasing housing finance accessibility. Government programs enhance housing availability and infrastructure development, generating income through taxes and stamp fees, while the real estate sector experiences consistent growth, promoting transparency and accountability. The real estate industry contributed 7.3% to India's GDP in 2023, and is expected to contribute 13% in 2025. The Indian real estate industry is expected to grow significantly, with a CAGR of 9.2% from 2023-2028, which is strongly correlated with GDP increase. This growth is expected to continue at a steady pace.

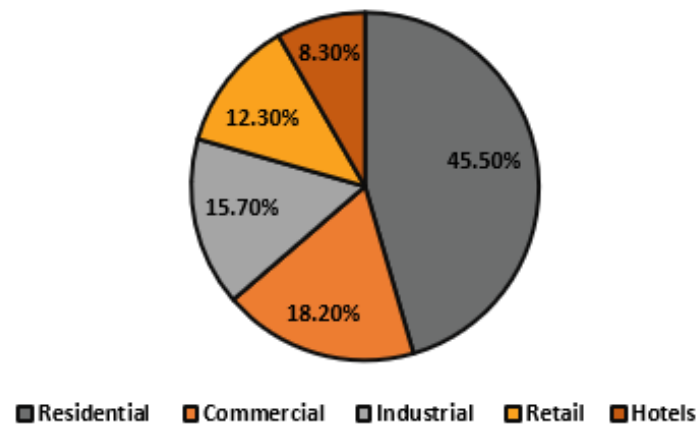


Source: LSI Research Analysis based on Data from Knight Frank

India's real estate industry significantly contributes to GDP, job creation, economic expansion and fosters economic connections. Regulatory changes have enhanced investor trust, transparency, and project clearance procedures, promoting accountability and transparency in transactions, especially during the pandemic, and boosting investor confidence in custom high-end houses with intelligent digital features, emphasizing sustainability and energy efficiency. Policy measures like RERA (Real Estate (Regulation and Development) Act, 2016), GST, and REITs (Real Estate Investment Trusts) enhance market maturity. The reforms aim to streamline real estate development but face

challenges like project delays, financial issues, volatile markets, fluctuating material costs and regulatory barriers. Infrastructure investments in real estate development, like roads, bridges, and utilities, significantly impact property prices and market dynamics, benefiting the economy. The affordable housing industry presents opportunities for service enhancement and innovation, potentially influencing the economy. There is a sharp increase in home loans and real estate investments, supporting the sector's contribution to economic expansion and recovery. The development of these categories has been largely influenced by manufacturing and service sector expansion.

**Figure 4: India's Real Estate Structure**



Source: LSI Research Analysis



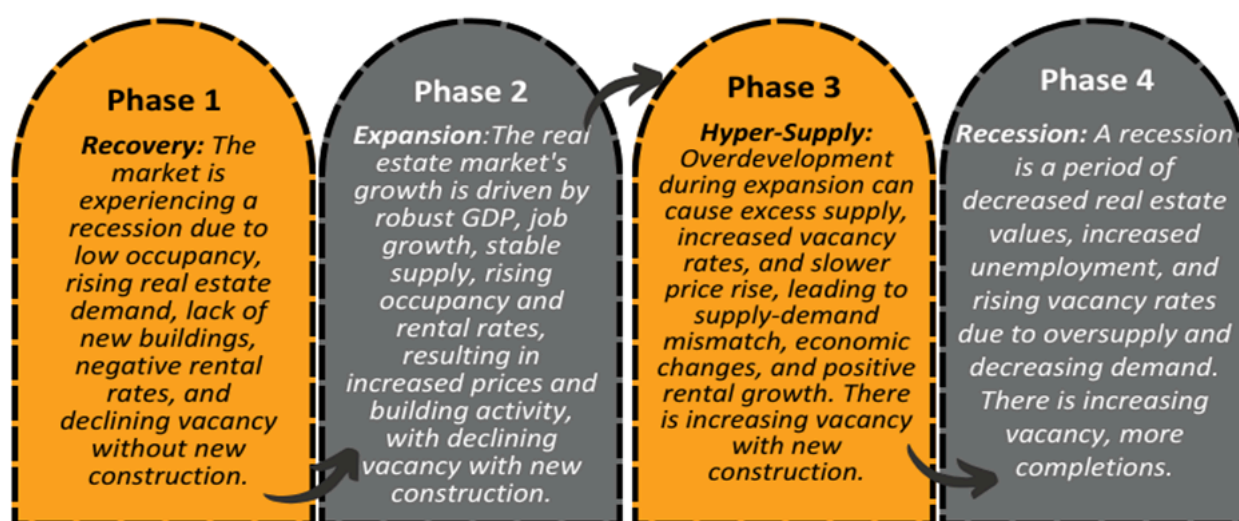


## The Real Estate Market Cycle

Economic, social, and political issues all have an impact on the real estate market cycle, which is an interlinked cyclical pattern of rising and falling real estate activity and value. Knowing this cycle enables homeowners to make well-informed decisions on the purchase, sale, and investment of real estate as well as helping investors foresee market dangers and possibilities. Economic

circumstances, interest rates, and demographic trends are some of the elements that impact the cycle, which lasts between 10 and 18 years. Interest rates, the state of the economy, changes in the population, and local market dynamics are some of the variables that might affect the cycle, which is not entirely predictable.

Figure 5: Real Estate Market Cycle



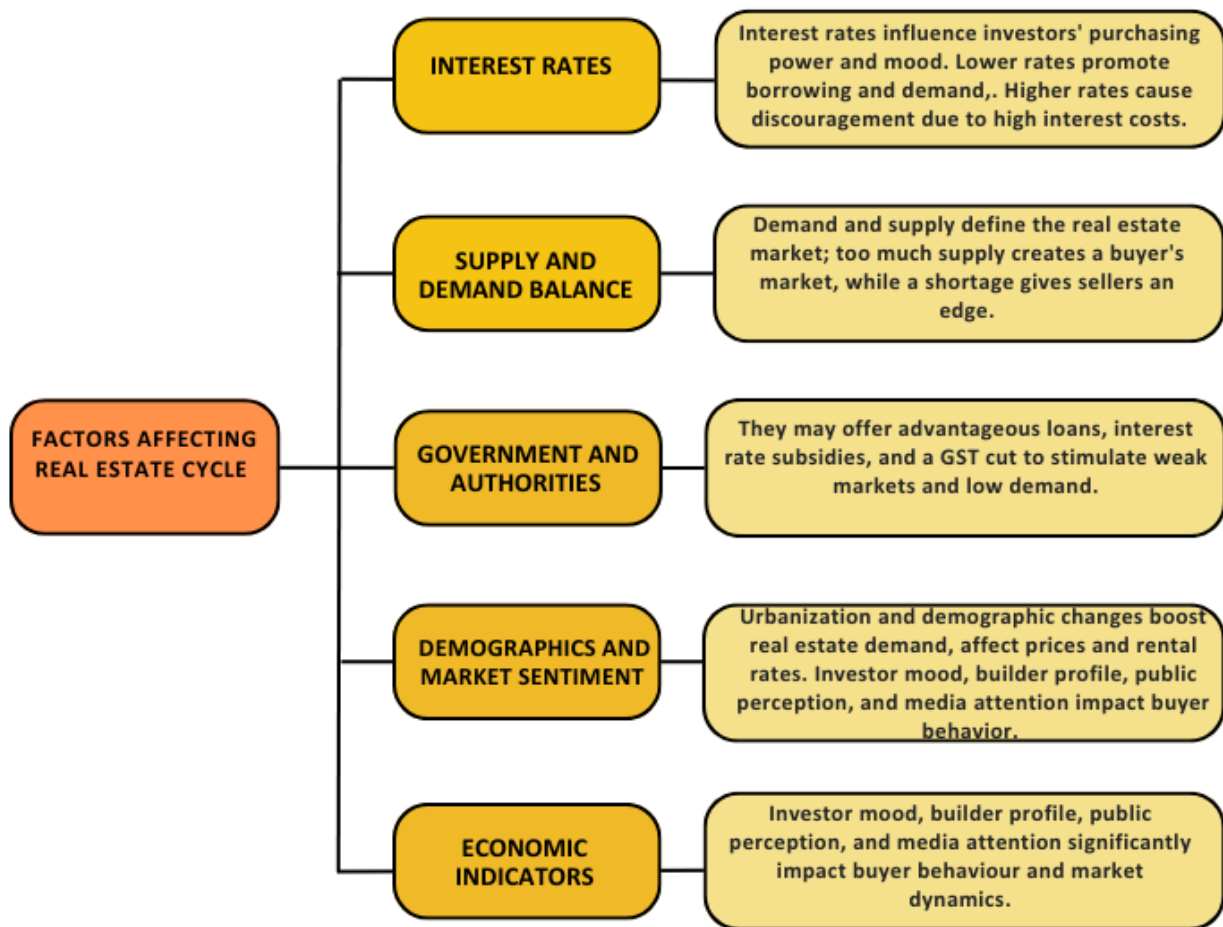
Source: LSI Research Analysis

Table 1: Real Estate Market Slowdowns and Booms

Year	Slowdowns	Booms
1993		Government eases norms for NRI investment in India (1992)
1995	Emerging market crisis (1995)	
2002		Monetary easing by US Fed (2001)
2008	Housing crisis-US (2008)	
2009		Stimulus by US Fed (2008)
2016	Local shocks, Triple Trauma	
2021	Covid-19 pandemic	
2022		Recovery due to stimulus package in the western world
2024		Boom in the luxury housing segment

Source: LSI Research Analysis

Figure 6: Factors Affecting Real Estate Market Cycle



Source: LSI Research Analysis





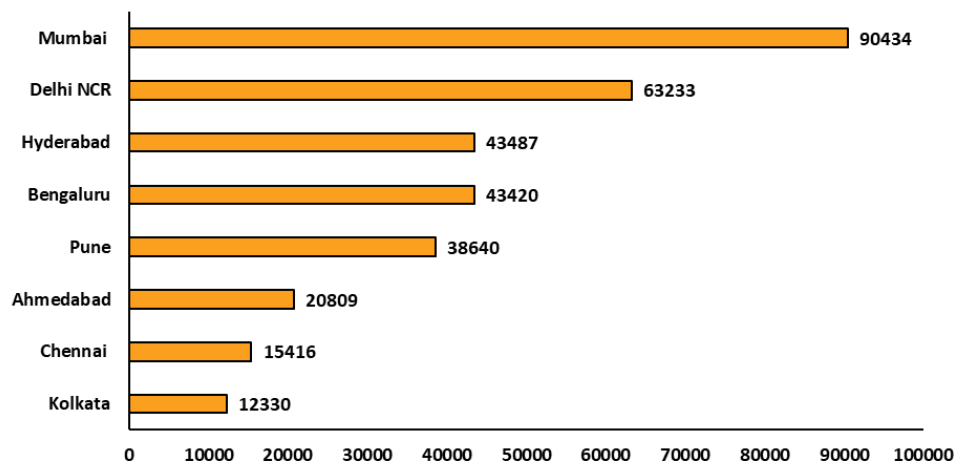


## Market Scenario

The real estate market in India is projected to reach Rs. 65,000 crore by 2040, with a 15.5% growth by 2047 due to middle class expansion and pro-business government policies. The market is bolstered by a 28% increase in organized retail real estate stock and an anticipated expansion of 15-18 million square feet of data centre real estate demand by 2025. The commercial sector is thriving due to rising demand for office space in IT-focused areas, urbanization, improved infrastructure,

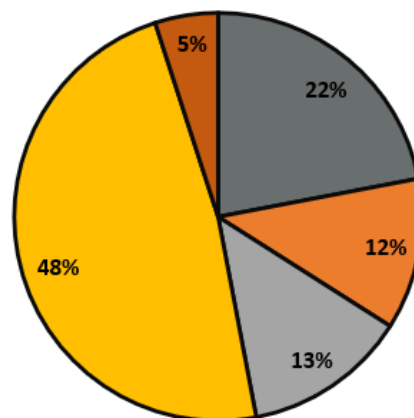
and job opportunities. India's top 8 cities saw 41% of new real estate launches, indicating a need for real estate players to regain investor trust by focusing on high-demand areas and infrastructure development. Godrej Properties expanded its business in Q2 2024-2025 by acquiring six additional land parcels and starting house projects worth Rs. 9,650 crore, collaborating with landowners on developments and outright purchases.

Figure 7: Cumulative Housing Launches in India



LSI Research Analysis based on data from IBEF

Figure 8: Sectoral Contributions to Leasing Activity in India



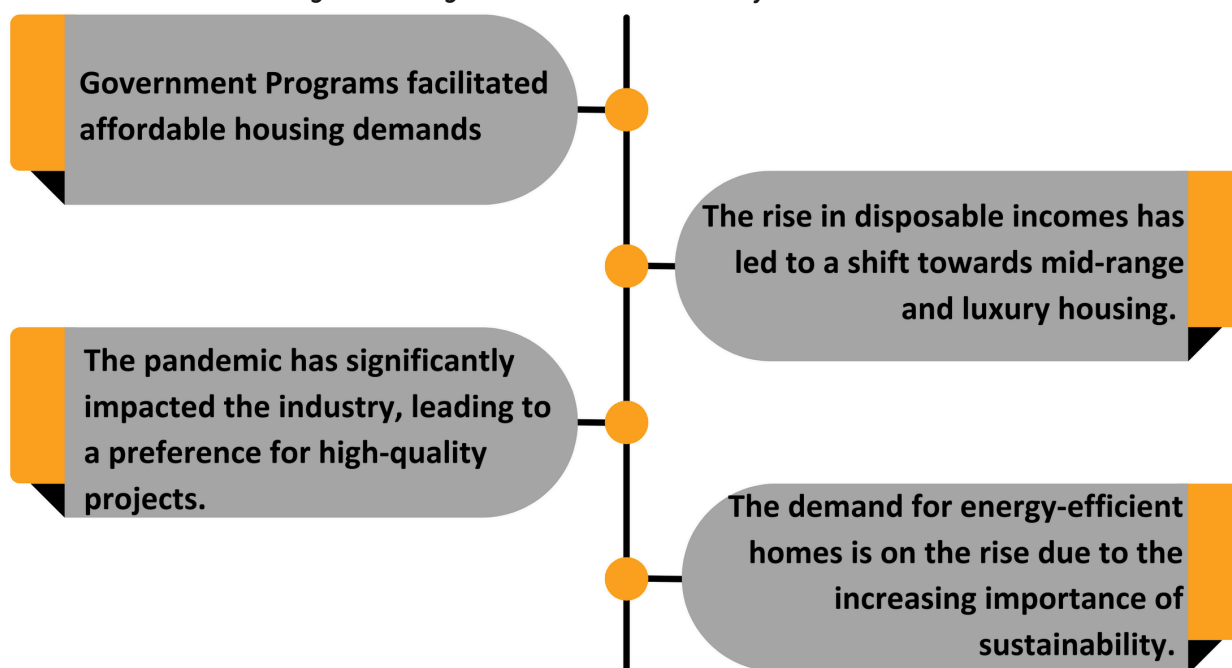
Technology Business BFSI E&M Flexible spaces Others

LSI Research Analysis based on data from IBEF

The Indian real estate investment landscape from 2017-2025 is influenced by structural changes and market concerns due to Covid-19 and global economic upheavals, with global investments declining and domestic investments remaining volatile. This impacted India's real estate market, caused a 40% drop in residential demand in the first half of 2021, costed over Rs. 1 lakh billion, but also, increased investor interest through government initiatives, like stamp duty reductions and rehabilitation project waivers. Institutional investment in residential real estate has surged

post-pandemic, showcasing industry resilience and promising development prospects in 2024. 2025 is likely to be a year of consolidation and continued innovation in Indian real estate. Post-pandemic housing demand are influencing buyer preferences, leading to high- quality projects dominating mid-range and affordable housing sectors. The pandemic has heightened consumer demand for homeownership, prompting developers to adapt and customize services to meet changing tastes and improve living standards.

**Figure 9: Changes in the Real Estate Industry after the Pandemic**



Source: LSI Research Analysis

**Table 2: Real Estate Market in India: Pre, During and Post Covid**

Pre- Covid (Before 2020)	During Covid-19 (2020)	Post Covid
India's real estate market is experiencing significant growth due to urbanization, demographic shifts, and rising disposable incomes. This has led to high demand for residential and commercial properties in major cities, particularly low and mid-segment homes, fuelled by urban migration and government incentives like PMAY.	The COVID-19 pandemic has impacted India's real estate industry, boosting home sales, new projects, and demand for commercial and office space driven by digitized and transparent government initiatives. Supply chain disruptions, delayed project delivery, and economic instability have prompted developers to offer flexible payment options.	The real estate sector has shown resilience despite initial setbacks, rebounding with relaxed regulations, low borrowing rates, pent-up demand, and government programs, while digital platforms have expedited transactions, improved consumer engagement, and allowed real estate companies to streamline processes.

Source: LSI Research Analysis

**Table 3: Factors Affecting Growth of Real Estate Industry in India**

<b>Economic Trends and Indicators</b>	India's economic health influences the real estate sector. Higher GDP growth rates affect property values and construction activity, driven by urbanization, population growth, and rising income levels.
<b>Favourable Investments</b>	The real estate industry's growth is attributed to easing FDI regulations, attractive profits, international investor attraction, project acceleration, steady returns, and capital growth.
<b>Interest Rates &amp; Monetary Policies</b>	Reduced interest rates boost borrowing costs for developers and homebuyers, increases demand in the real estate market, drives sales and construction activity.
<b>Cost of Materials used in Construction</b>	Construction costs impact property prices, slow building supply, and increase final prices.
<b>Loan Interest Rates</b>	High interest rates impact buyers and builders, leading to fewer building projects and acquisitions.
<b>Availability and Affordability of Land</b>	Limited land availability is raising land prices, making it challenging for builders to sell and purchase affordable homes despite global demand.
<b>Eco Friendly Homes on the Rise</b>	G20 nations are urging developers and homebuyers to incorporate green features like solar panels, rainwater harvesting systems, and energy-efficient appliances into environmentally conscious homes.
<b>Digital Revolution in Real Estate</b>	Advanced technology, including virtual reality, 3D modelling, and real estate photography, is revolutionizing the real estate sector, enabling informed purchases for NRI investors through augmented reality and live video screenings, and predicting dynamic growth in India's real estate market from 2022 to 2032.
<b>Smart Cities Mission</b>	The Indian government aims to construct 100 smart cities by 2030, using sustainable, technologically advanced infrastructure like the Delhi-Mumbai Industrial Corridor and metro extensions. Such government projects and smart city initiatives boost connectivity and investor appeal.
<b>Luxury Integrated Lifestyle</b>	India's luxury goods demand is on the rise due to rising disposable incomes, global exposure, and premium lifestyles. High-paying IT/ITeS and BFSI jobs drive a boom in luxury residences over Rs. 1 crore among HNIs seeking modern homes and luxurious amenities
<b>Boom of Commercial Real Estate Hotspots</b>	The IT/BPM industry, start-ups, and multinational organizations are driving demand for modern office space, influencing India's flourishing commercial real estate market. Government incentives, strategic sites, and infrastructure upgrades attract new investment opportunities; in 2023, major cities leased 60 million square feet.

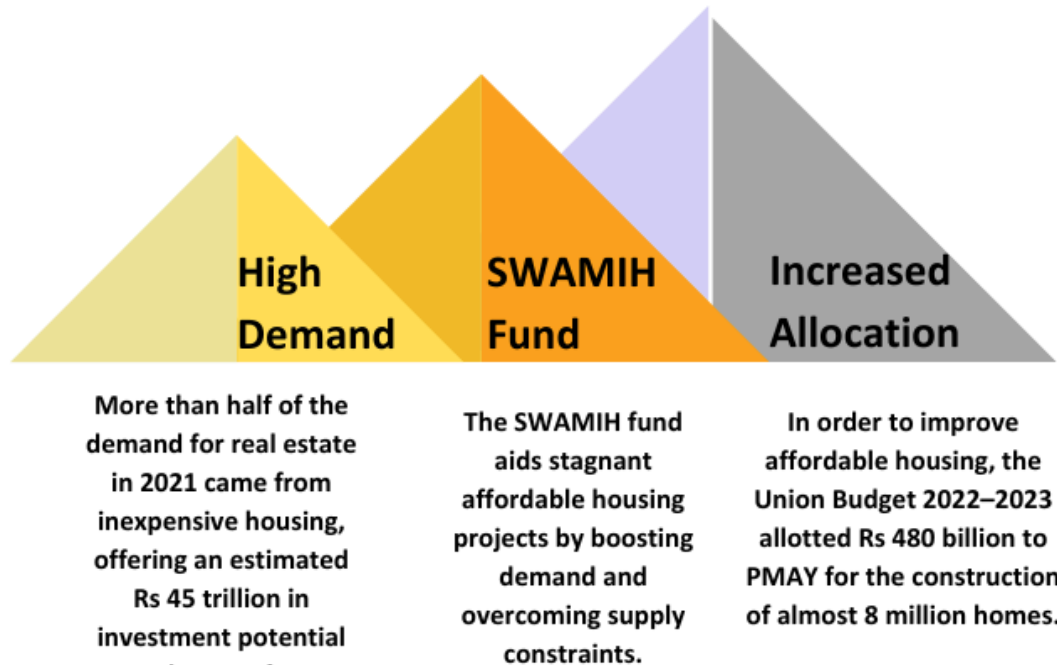
Source: LSI Research Analysis





## Government Initiatives for Real Estate Sector in India

Figure 10: Government Initiatives for Real Estate sector In India

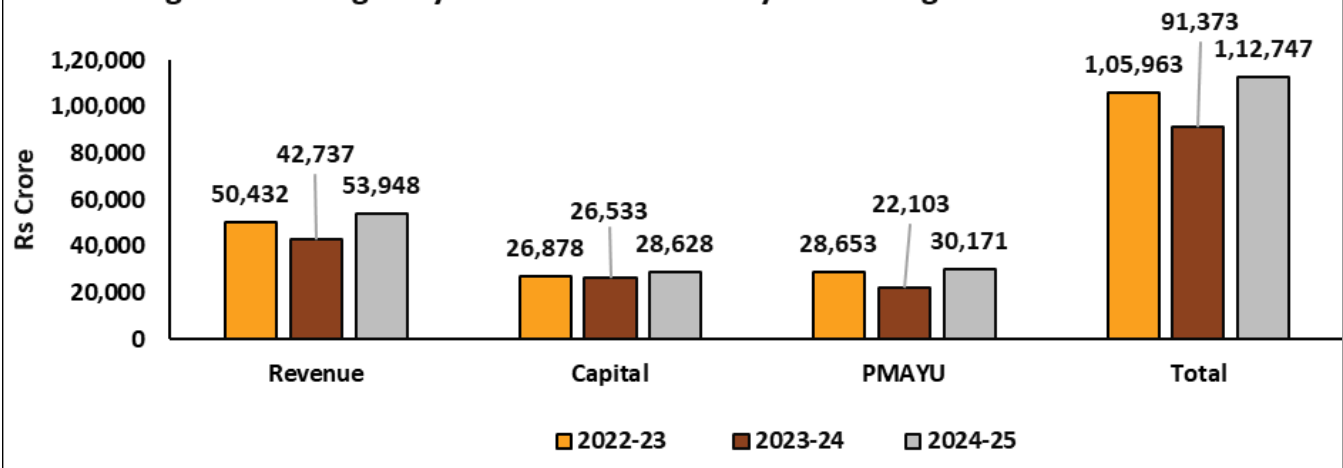


Source: LSI Research Analysis

Government support, market demand, policy reforms, and regulatory changes have created opportunities for developers, suppliers, and

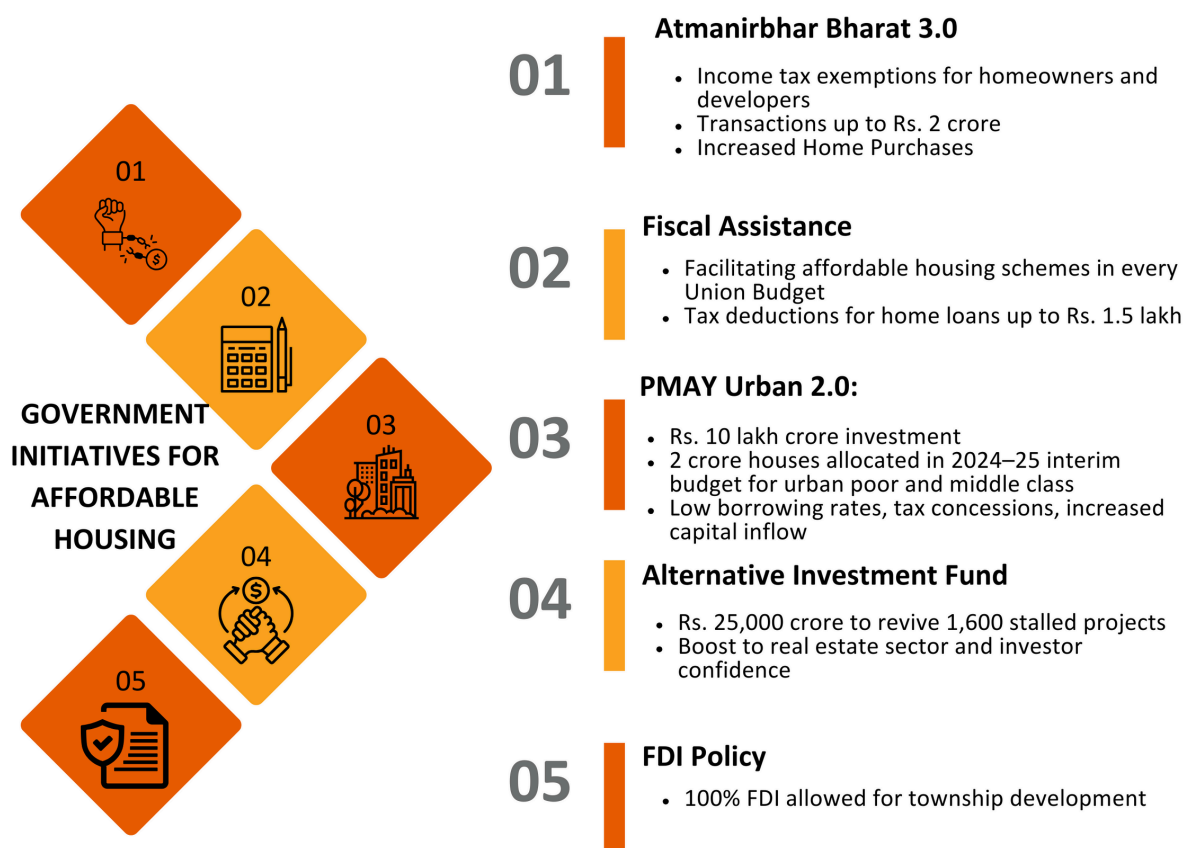
housing finance companies, enhancing transparency, efficiency, and investor favourable conditions for long-term growth

Figure 11: Budgetary Allocation to Ministry of Housing and Urban Affairs



Source: LSI Research Analysis based on data from Niti Aayog

Figure 12: Government Initiatives to facilitate the Real Estate Industry in India

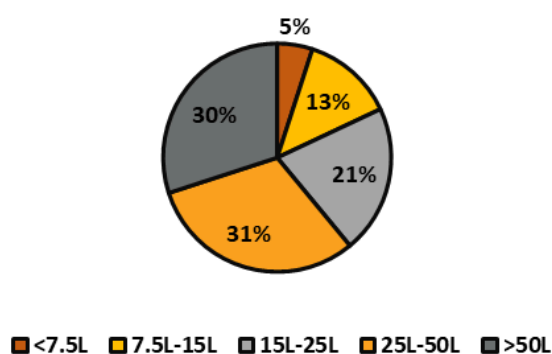


Source: LSI Research Analysis

India's housing loan ticket sizes show a preference for higher-value loans, reflecting rising middle and upper-middle-class purchasers' discretionary incomes, urbanization, and the growing demand for luxury property. The Indian housing market is experiencing a surge in high-value loans due to urbanization, lifestyle choices, and growing

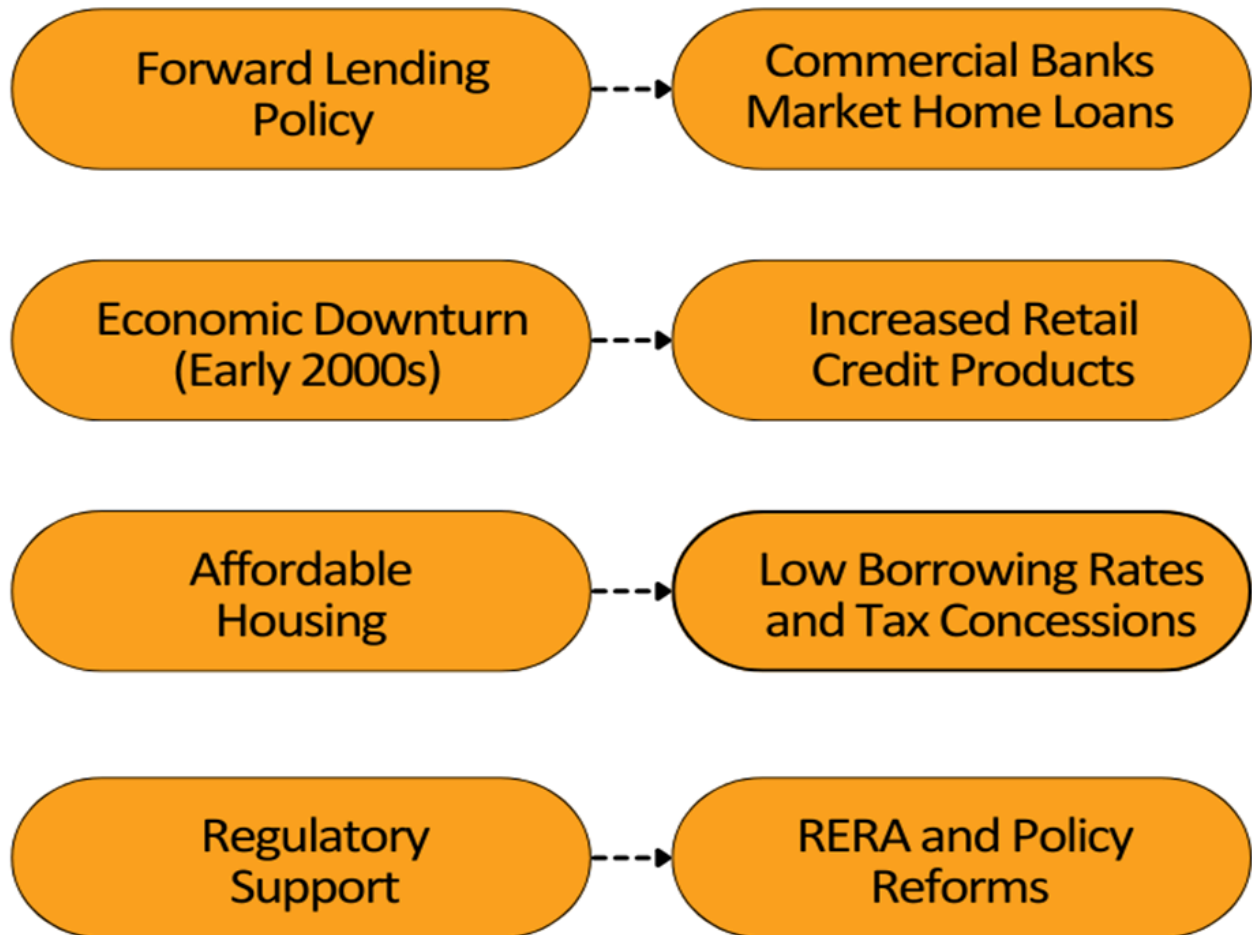
disposable incomes. This accounts for a significant share of housing loans, necessitating the creation of affordable housing projects and policy support. The rising average ticket size has led to a strong recovery, allowing commercial banks to expand quickly and surpass specialist home finance companies.

Figure 13: Housing Loan Ticket Size in India



Source: LSI Research Analysis

Figure 14: RBI's role in facilitating the Real Estate Industry in India



Source: LSI Research Analysis





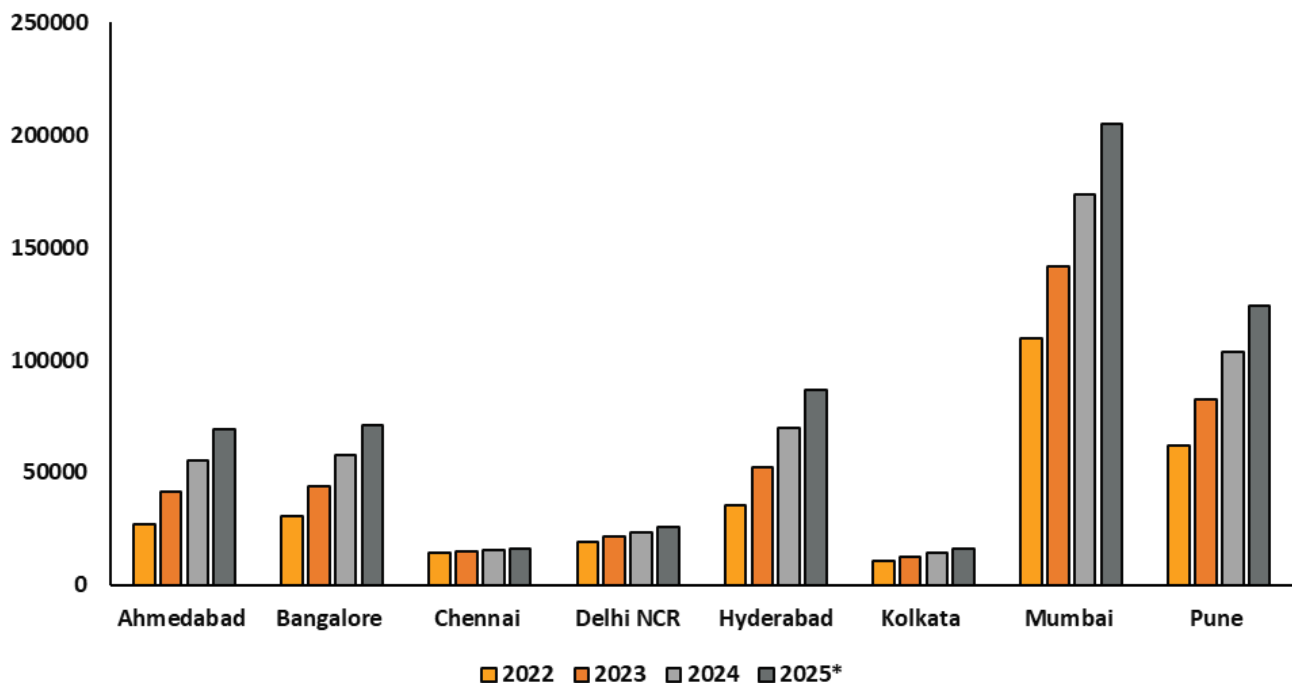


## Demand Scenario of Real Estate in India

India's real estate sector is experiencing strong demand due to economic growth, urbanization, demographic shifts, and post-pandemic consumer behaviour. Demand remains strong in mid-income, premium, and luxury segments, highlighting resilience amidst global uncertainties. The sector is expected to experience sustained growth despite supply-demand imbalances, robust infrastructure developments, and policy support. The housing demand is predicted to rise to 93 million units by 2036, with Tier II and III cities leading the growth, and NRIs expected to significantly contribute to investment. The residential unit sector is expected to

experience sustained long-term growth despite challenges like high mortgage rates, rising interest rates and rising material costs. Sales reached a nine-year high in 2022 and continued to surge in 2023, 2024 and 2025 despite initial challenges. India's urbanization, with 50% of its population expected to live in cities by 2047, boosts demand across residential, office, and retail sectors, with India leading in office space absorption in the Asia-Pacific region. The scarcity of affordable housing units is causing increased prices and inventory depletion, prompting increased investment in new residential projects, especially in Tier II and III cities.

**Figure 15: Annual Housing Sales in India**



*LSI Research Analysis based on data from Real Insight Residential*



## Scenario of Real Estate Industry in Tier-II Tier-III

India's real estate sector is expected to grow in tier II and III locations and urban outskirts, with smaller towns emerging as growth centre. India's Tier II and Tier III cities are experiencing growth in domestic tourism due to international events, medical tourism, and cultural heritage. The hospitality industry is also boosting in smaller cities, rebounding from COVID-19 with investment sectors focusing on eco-friendly hotel ideas, wellness properties, technology-enabled guest experiences and sustainable infrastructure, as new cities emerge as hospitality destinations. Developers are investing in Tier II and Tier III cities' emerging retail centres, focusing on eco-friendly techniques, boutique hotels, health facilities, immersive stay ideas, premium hospitality, and sustainable development incentives, by leveraging unexplored areas and

growing consumer purchasing power. More than 30 local and foreign brands registered 2.4 million square feet of retail space in 14 tier-II cities between January and September 2023. In 2024, this is anticipated to fuel demand for retail space, which is expected to be retained in 2025. The Indian government has allocated Rs.100 billion to the Urban Infrastructure Development Fund (UIDF) to create infrastructure in tier-II and tier-III cities, covering 459 and 580 cities. The fund is boosting the market of affordable houses in these cities. Strong demand, policy support, and technological advancements are expected to drive a shift in affordability in 2025 in these cities, resulting in more controlled price growth due to interest rate cuts, government policies, and technological advancements

**Table 4: Scenario of Real Estate Industry in Tier-II and Tier-III cities in India**

<b>Key Drivers</b>	<ul style="list-style-type: none"><li>• Reduced costs and improved infrastructure</li><li>• Government initiatives (UDAN scheme, UIDF)</li><li>• Shift of companies from Tier I to Tier II/III cities</li><li>• Improved Infrastructure leads to enhanced Connectivity and Amenities</li></ul>
<b>Emerging Sectors</b>	<ul style="list-style-type: none"><li>• Affordable housing</li><li>• Hospitality and tourism</li><li>• Retail and commercial spaces</li></ul>
<b>Highlights</b>	<ul style="list-style-type: none"><li>• 517 UDAN routes connecting 76 airports</li><li>• Rs. 100 billion allocated to UIDF for infrastructure development</li></ul>

*LSI Research Analysis based on data from Real Insight Residential*

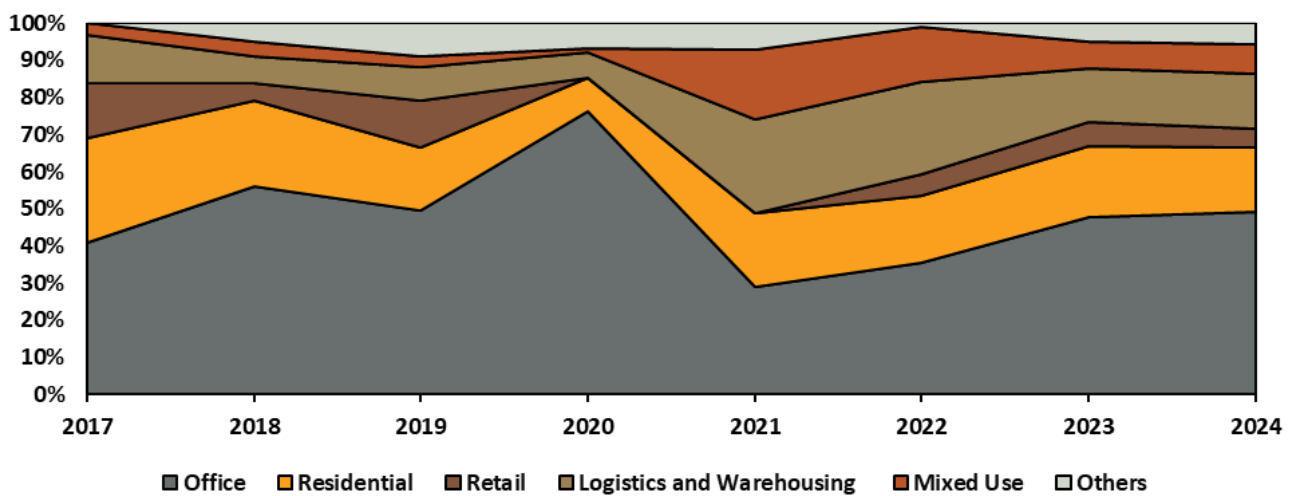


## Investments in Real Estate Industry in India

The Indian real estate sector has experienced substantial growth and investment in recent years, playing a vital role in the country's population growth, wealth generation, capital appreciation, and economic expansion. Between 2017-2024, the Indian real estate

market experienced significant diversification due to changing asset classes, market size growth, increased investment, and the emergence of new segments. This trend is expected to continue in 2025 as well.

**Figure 16: Sector-wise Split of Real Investments in India**

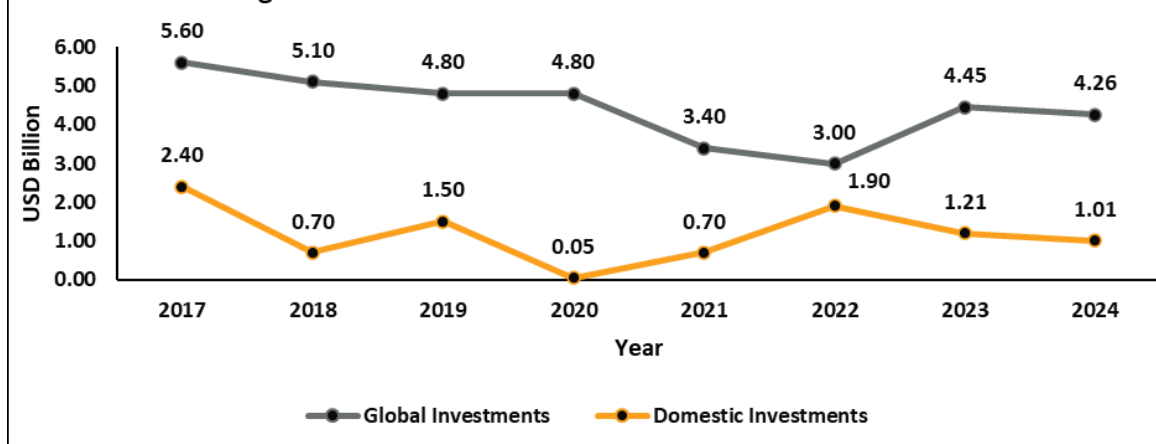


Source: LSI Research Analysis based on data from Cushman and Wakefield

The Indian real estate market experienced a decline due to COVID-19, but in 2023, private equity investments increased to USD 5.1 billion due to investor confidence and flexibility. India received USD 26.6 billion in

foreign institutional investments between 2017-2022 from Singapore and Canada. In 2024 institutional investments reached a record high of USD 8.878 billion from USD 5.878 billion.

**Figure 17: Global vs Domestic Investment in Real Estate in India**

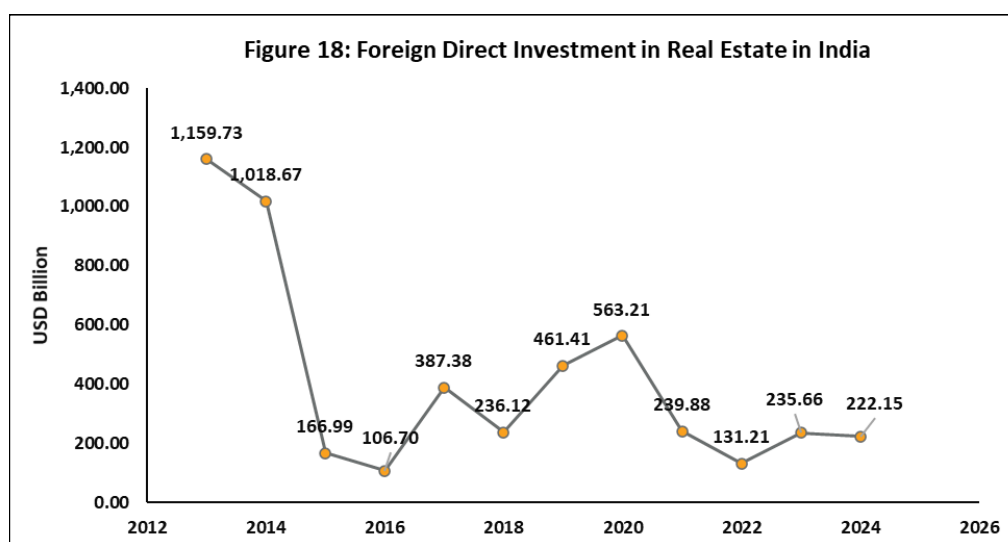


Source: LSI Research Analysis based on data from Infomerics Ratings

**Table 5: Investments in Real Estate Sector in India**

Private Equity Investments:	Foreign Direct Investment (FDI):
<p>In 2023, private equity investments in India's real estate sector increased, indicating growing investor confidence in the sector's potential. Over the 20 years, private equity investments in the Indian real estate sector are expected to grow from USD 4.6 billion in 2023 to USD 54.3 billion by 2047, with an annual growth of 9.5%. Blackstone, a prominent private market investor, has invested heavily in the sector, with plans to increase its investment by an additional Rs. 1.7 lakh crore(USD 22 billion) by 2030. Commercial real estate sales doubled to 1.5 million square feet in Q1 2023, with Chintels Group investing Rs. 400 crore on a 9.28 lakh square foot building in Gurugram.</p>	<p>India's real estate industry experienced significant growth. Institutional real estate investment increased by 62% to USD 4.76 billion from USD 2.939 billion in the same period in 2024. In 2023-2024, Indian real estate saw USD 235.26 million inflows, with Canada and Singapore accounting for 78% of total inflows. This growth has led to high-end residential and commercial spaces, improved building quality, new technology, and increased industry expertise. The real estate market also saw a significant increase in FDI inflows, reaching USD 222.15 billion in FY24. India's robust economic performance, enhanced regulatory framework, and consistent demand have made it an attractive investment destination. The government has relaxed brokerage restrictions, permitted 100% foreign direct investment, and granted permanent resident status to boost GDP growth and real estate demand.</p>

Source; LSI Research Analysis

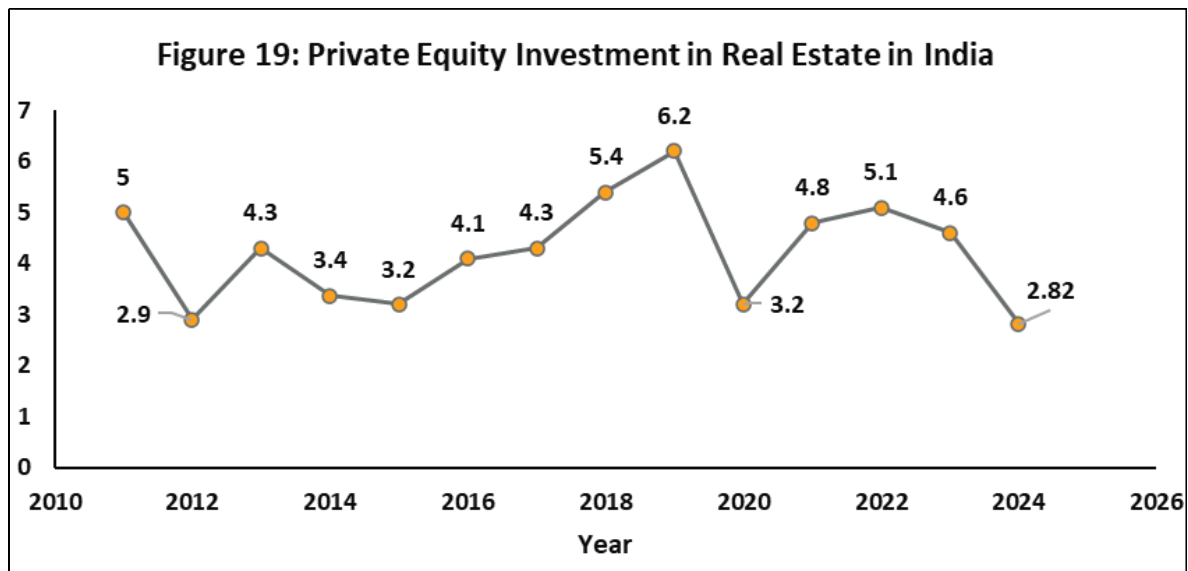


Source: LSI Research Analysis based on data from DPIIT

Since 2014, FDI has significantly decreased in the Indian real estate sector, mostly as a result of market complexity, economic disruptions, regulatory reforms, and worldwide economic uncertainty.

Global economic slowdowns, large unsold inventories, and a change in investor preference towards emergent asset classes like logistics and data centres contributed to the COVID-19 pandemic's subsequent slowdown in investment.

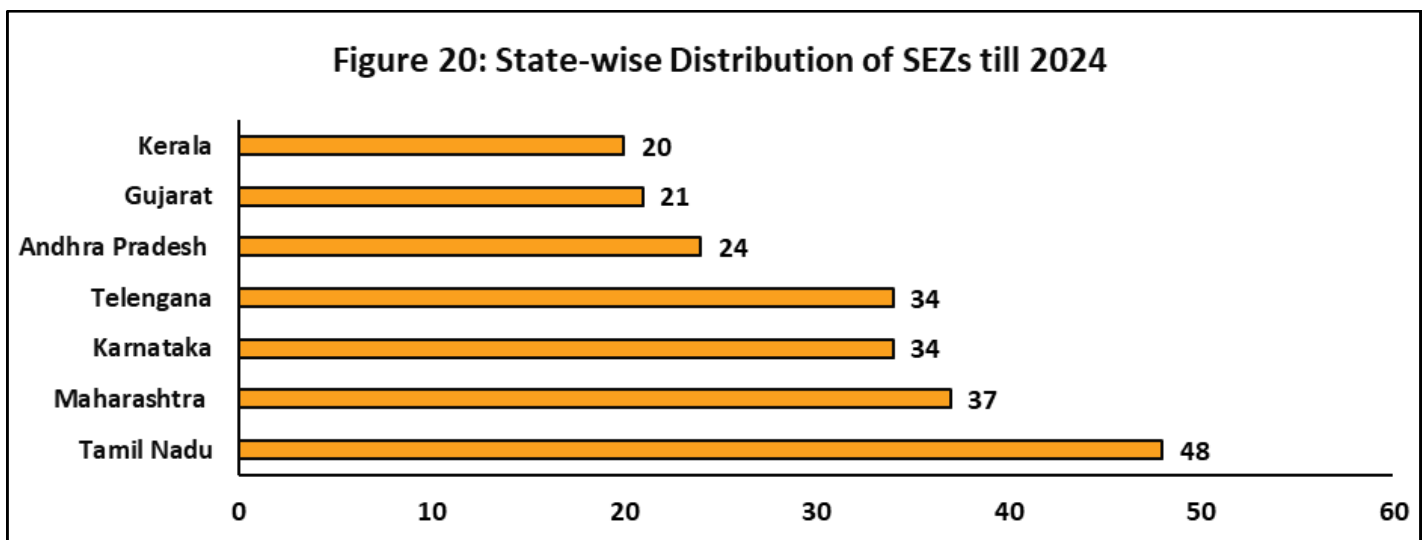




Source: : LSI Research Analysis based on data from Ministry of Commerce and Industry

Private equity (PE) investment in India's real estate sector has declined due to economic uncertainties, regulatory changes, and global financial trends. The decline in 2012 and 2015 was attributed to sluggish economic growth and investor caution, while the steep decline in 2020 was triggered by the COVID-19 pandemic. High interest rates, global economic slowdowns, and shifting investor preferences towards emerging sectors have also impacted PE investments. The market has shown signs of recovery post-pandemic, with increased

investment in commercial and residential segments. Global geopolitical uncertainties and rising interest rates have increased capital costs and reduced investor confidence. Tightened lending standards and global recession fears have prompted cautious investment strategies in PE, with investors shifting to safer assets like office spaces and warehousing. Despite challenges, the sector has shown resilience, with both foreign and domestic investors strategically positioning for long-term opportunities.



Source: LSI Research Analysis

Table 6:	Key Drivers for FDI in Real Estate in India
<b>Demand for Grade A Office Space</b>	The need for premium office space has increased due to increased demand from Indian and global organizations.
<b>FDI Policy Relaxation</b>	The 2014 government amendments enhanced international investor appeal by reducing minimum area and capital requirements and facilitating easier exits.
<b>Prop-Tech Growth</b>	The growth of e-commerce and logistics has significantly increased foreign investment in industrial and logistics assets.
<b>Real Estate Investment Trusts (REITs)</b>	In July 2021, SEBI granted the REIT platform permission, enabling investors to participate in the Indian real estate industry. This move is expected to boost market liquidity and participation, with the potential for a market USD 19.65 billion in the coming years. The Indian government has introduced a new framework for Small and Medium Real Estate Investment Trusts (SM REITs) to attract international investment in the real estate sector, offering fractional ownership, liquidity, diversification, and tax benefits. The REIT ecosystem has witnessed substantial growth, with total market valuation increasing from Rs. 5,000 crore in 2019 to Rs. 12,500 crore by 2024.
<b>Special Economic Zones (SEZs)</b>	India's Special Economic Zones (SEZs) exports increased by 28% to USD 157.2 billion in FY23, from USD 133 billion in FY22. The expansion is attributed to increased transparency and returns, with 425 SEZs awarded as of December 2022, 270 of which were in the IT/BPM industry in January 2023. As on April 30, 2024, 375 SEZs have been notified. Tamil Nadu leads with 48 SEZs due to its strong manufacturing base, varied industrial clusters, and policy-driven incentives. As of 2024, India has 280 operational SEZs, with 375 notified across the country. India's distribution of SEZs is uneven, with Maharashtra having the highest number due to its robust infrastructure and port proximity. Gujarat and Andhra Pradesh have SEZs aligned with Make in India goals, while Karnataka and Telangana capitalize on IT-driven economies. This unequal distribution underscores the need for a balanced approach to SEZ development, encouraging SEZ creation in underdeveloped areas for fair economic growth and improving connectivity and infrastructure. State-level policies are crucial for promoting specialized economic development, attracting foreign investment, and fostering sectoral innovation in India's rapidly changing economy. A balanced approach is needed to address the unequal distribution of SEZs in India, emphasizing the strategic importance of states in driving export promotion, job creation, and foreign investment, and highlighting the need for state-level policies for specialized economic development.



## Market Timing and Investment Strategies

Timing is crucial in real estate investments, as changes in the real estate cycle necessitate adjustments in investment strategies.

*Table 7: Stages of Investment in Real Estate*

<i>Phase</i>	<i>Strategy</i>	<i>Investor's Action</i>
Recovery	Buy and hold	Acquire assets and invest in multi-family properties with great potential for rental income.
Expansion	Buy and hold and buy and flip	Indulge in new construction or re-development during this time while costs are somewhat low.
Hyper-supply	Selective buy and hold	Stay put with buy and hold of properties.
Recession	Invest	Investing in foreclosures, distressed assets and bank-owned homes at great prices.

*Source: LSI Research Analysis*





**Table 8: Real Estate Industry's contribution to India's GDP**

<p><b>Employing a large labour force in nation building</b></p>	<p>The Indian real estate industry, with over 50 million workers, is a significant employer, creating millions of jobs and reducing poverty. It contributes to GDP growth by 11% since 2011-12 and contributes about 50% to the nation's GDP. The construction industry, particularly in rural areas, attracts skilled and unskilled workers from agriculture-dependent regions. The industry employs approximately 70 million Indians, with 7 million women workers, and is expected to continue this trend in 2025. The RERA Act has enhanced labour rules and compliance in the industry, providing employment opportunities for professionals such as architects, engineers, sales executives, property managers, and construction laborers.</p>
<p><b>Providing demand for key supplier and ancillary services industries</b></p>	<p>The real estate industry significantly impacts supply chains, impacting sectors like design, contracting, facility management, leasing, and property consulting. Expansion boosts demand, positively affecting related industries and the economy. Rising building material costs slow supply, lowering demand among buyers.</p>
<p><b>Driving rapid urbanization with critical housing and commercial infrastructure</b></p>	<p>India's rapid urbanization, expected to continue until 2050, has boosted economic growth and attracted significant resources for infrastructure development. Funding comes from real estate premiums, development fees, and approval fees. The industry collaborates with infrastructural firms, private developers, and municipal governments to improve accessibility and connection to rural areas. The Indian government has launched initiatives to support the infrastructure industry, promoting economic growth. The real estate market is thriving due to government focus on infrastructural development, with urbanization predicted to reach 40% by 2030. PMAY, AMRUT, and Smart Cities Mission aim to create sustainable infrastructure and affordable housing.</p>
<p><b>Facilitating large foreign investment inflows that drive further growth</b></p>	<p>The Indian real estate market experienced a 200%+ increase in capital inflows between 2017-2025, attracting both strategic and international investments. High-quality real estate projects and construction companies are expected to boost the economy by establishing distribution facilities, warehouses, industrial parks, and data centres. Institutional investments, particularly in the industrial and warehousing sector, reached USD 6.5 billion, a 22% rise from 2023.</p>
<p><b>An important asset class and source of wealth for millions of Indians</b></p>	<p>India's growing population and changing lifestyles have led to a rise in nuclear families and a preference for living with a spouse and children. This trend is influenced by steady income and the transition from a socialist to a capitalist system. The real estate sector, which provides employment opportunities and income, has been boosted by regulatory changes and increased consumer trust. Younger investors are embracing REITs, but the real estate industry remains crucial for wealth building.</p>

Source: LSI Research Analysis

Table 9: SWOT Analysis of Real Estate in India

<p><b>Strengths</b></p>	<ul style="list-style-type: none"> <li>• <b><u>High demand:</u></b> By 2025, it is anticipated that the real estate market would face a high demand. Sales of luxury residential homes increased by 151% between January and March 2023, hitting a record high of Rs. 3.47 lakh crore in FY23.</li> <li>• <b><u>Attractive investment:</u></b> With investments up 27% from 2023, the real estate business is appealing to both international and individual investors. The proposed Land Bill and Real Estate Regulatory Bill are expected to boost foreign direct investments in retail, office, healthcare, entertainment, and leisure sectors.</li> <li>• <b><u>Low Risk Investment:</u></b> Real estate investment offers lower volatility, safety, and freedom for owners, allowing for various purposes like building, farming, and rentals, unlike bonds and shares.</li> <li>• <b><u>Inflation Hedge and Easy Collateral Usage:</u></b> Inflation hedges are economic strategies used to protect a nation's currency from devaluation due to inflation or macroeconomic factors. Real estate, gold, and silver, like India's growing real estate industry, serve as effective inflation hedges, boosting demand and protecting investors. Banking organizations often use real estate as collateral for housing, even without significant market value, as it serves loan security.</li> <li>• <b><u>Multiplies Overtime:</u></b> Real estate investments, particularly those linked to major highways, railway lines, or new housing societies, consistently increase property value over time.</li> <li>• <b><u>Traded in the Open Market:</u></b> Real estate involves auctions and open markets, targeting individuals with sufficient capital and valuable assets for investments or purchases, regardless of background or expertise.</li> </ul>
<p><b>Weaknesses</b></p>	<ul style="list-style-type: none"> <li>• <b><u>Non-Liquid Asset:</u></b> Indians prefer less expensive, faster-returning investments due to unpredictable economic climate and lack of cash for capital-intensive enterprises, as the market cannot offer ideal prices for real estate assets.</li> <li>• <b><u>Lack of Technological development:</u></b> As a developing nation, India lacks the resources and technologies required for major real estate developments.</li> <li>• <b><u>Requirement of Huge Capital:</u></b> The real estate sector faces challenges like skilled labour shortage, high costs, and inflation, while investors are shifting to safer markets due to litigation, ambiguous property titles, and lack of transparency.</li> <li>• <b><u>Difficult to Transfer Ownership:</u></b> Real estate ownership transfer is a complex process involving multiple individuals and organizations, often necessitating consensus among family members and relatives for successful transition.</li> <li>• <b><u>Limited Supply:</u></b> Land scarcity in a region makes property ownership difficult, and due to rules and restrictions, owners may relocate, making it harder for regular people to buy property.</li> <li>• <b><u>Unstable Market Scenario:</u></b> The past has been marked by unstable government policies, indecision, and inconsistent taxation, affecting the business environment, slowing growth, particularly in the real estate industry, and increasing capital costs.</li> </ul>

Source: LSI Research Analysis

<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• <b><u>Tax benefits on home loans:</u></b> Tax deductions for home loan interest can lower tax obligations and boost demand for loans for home purchases.</li> <li>• <b><u>Technological Advancements:</u></b> By simplifying designs, evaluating past patterns, predicting future data, and offering real-time market insights, artificial intelligence is expected to increase industrial profitability by 40%.</li> <li>• <b><u>Potential to Diversify:</u></b> India's tourism growth presents new real estate opportunities for hotels, resorts, and tourist-focused facilities, particularly in care facilities and student dorms, due to its picturesque landscapes and increasing global real estate demand.</li> <li>• <b><u>Rapidly Growing:</u></b> The mechanical industry and technological advancements have accelerated land ownership growth, real estate development, and architectural styles through the use of building equipment and materials.</li> </ul>
<b>Threats</b>	<ul style="list-style-type: none"> <li>• <b><u>Volatility in Financial Markets:</u></b> The real estate sector is predicted to experience a decline in demand and stagnant property values due to an economic downturn, erratic demand in India due to location and seasonal variations, and unpredictable market conditions.</li> <li>• <b><u>Competition from other investments:</u></b> Real estate is a reliable asset, but high demand for precious assets like gold, silver, oil, and gas may make liquid assets appealing to investors, potentially leading to less seriousness.</li> <li>• <b><u>Regulatory Difficulties:</u></b> India's real estate sector faces regulatory challenges, causing delays and a disconnect between businesses and customers. Tight pricing liquidity benefits new investors, while a decrease in sales velocity could lead to lower prices. Stricter regulations could boost capital inflows and open new investment opportunities. The affordable housing market has significant development potential, but a demand-supply mismatch exists as lower-income groups cannot afford real estate ownership.</li> <li>• <b><u>Economic Recession:</u></b> Economic slowdowns can lead to recessions, competition from other asset classes, and seasonal demand, affecting prices and spending. Recessions lead to decreased spending, negatively impacting business and real estate sales. These uncontrollable challenges take time for a country to recover, making adaptation crucial.</li> </ul>

Source: LSI Research Analysis







# 2

## Real Estate Segments in India: Exploring Opportunities Across Every Square Foot



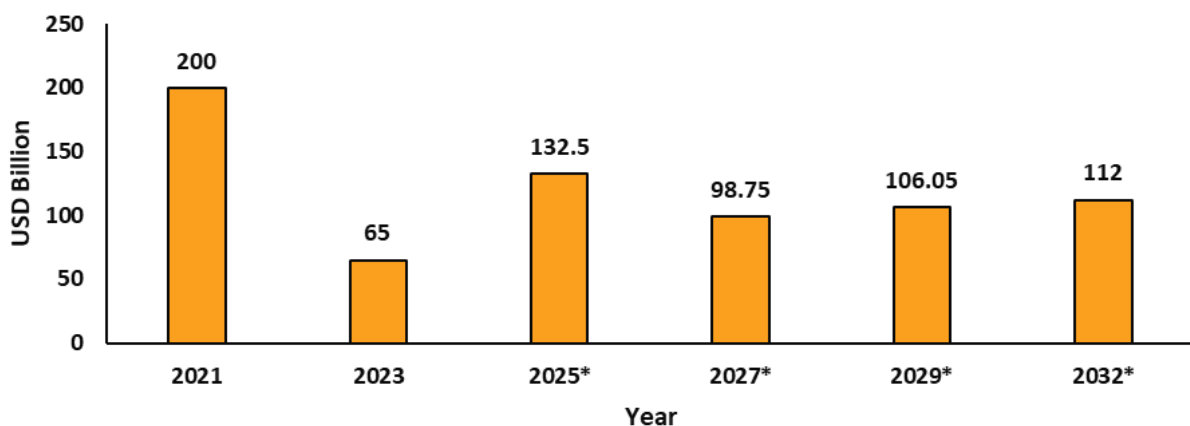
## Commercial Real Estate in India

### Growth of the Sector

India's commercial real estate industry is experiencing significant growth due to foreign investment, technical advancements, and economic progress. The commercial real

estate market is projected to grow at a CAGR of 21.60% from 2024-2032 reaching a substantial market volume.

**Figure 21: Size of Commercial Real Estate in India**

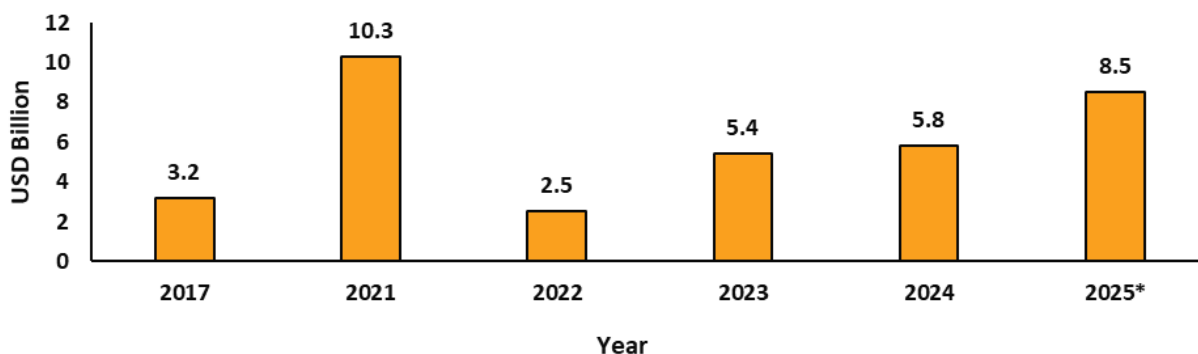


Source: LSI Research Analysis based on data from IBEF

India's commercial real estate sector saw a 53% year-over-year increase in investments in 2023, reaching USD 5.4 billion, with office categories contributing nearly USD 3 billion. Despite a 66% decline in global CRE investments, the market experienced a 7.2% real gross value growth in 2024. The sector's growth is attributed

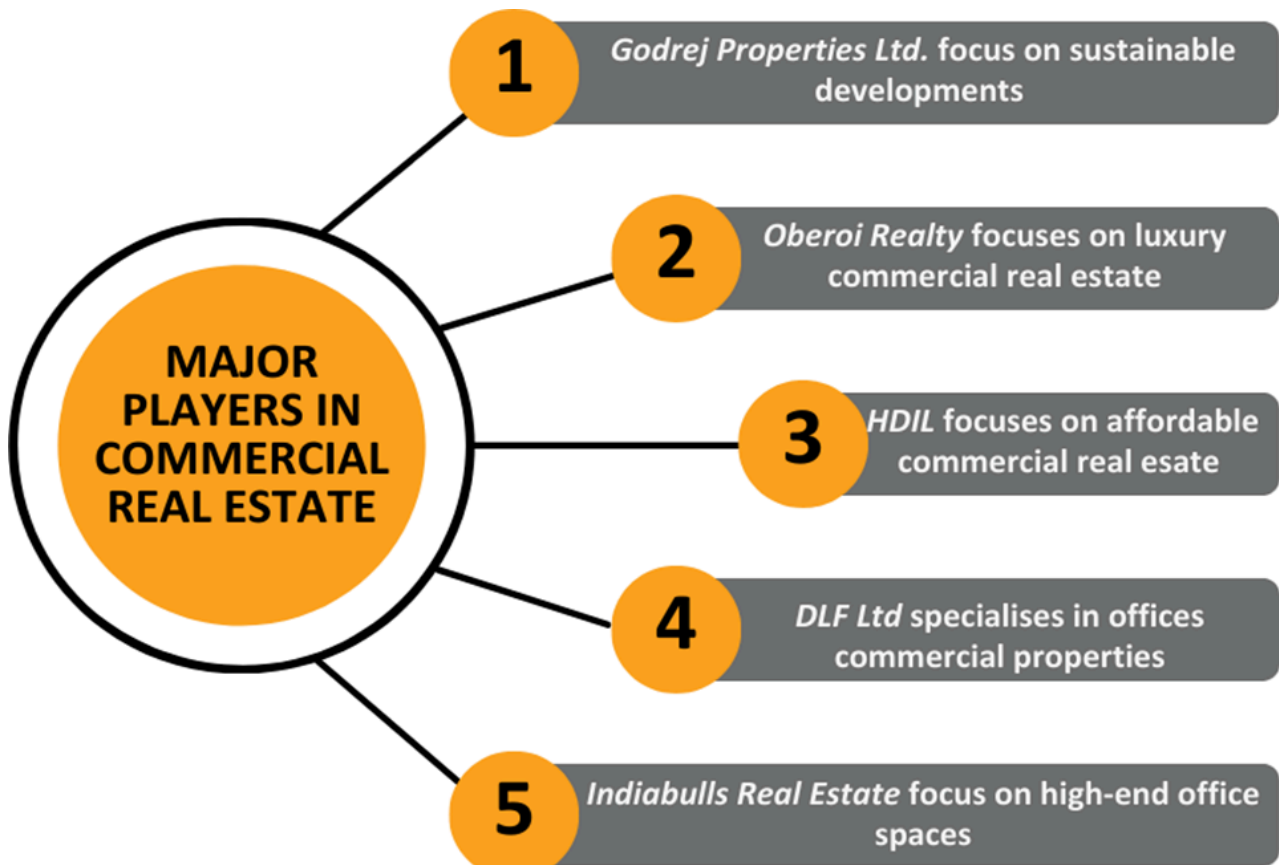
to urbanization, economic liberalization, and investments, attracting both domestic and foreign investors and contributing to the nation's GDP. With nearly Rs. 3 trillion invested by family offices and ultra-high net worth individuals, domestic capital is becoming increasingly important.

**Figure 22: Total Foreign Investment in CRE in India**



Source: LSI Research Analysis based on data from IBEF

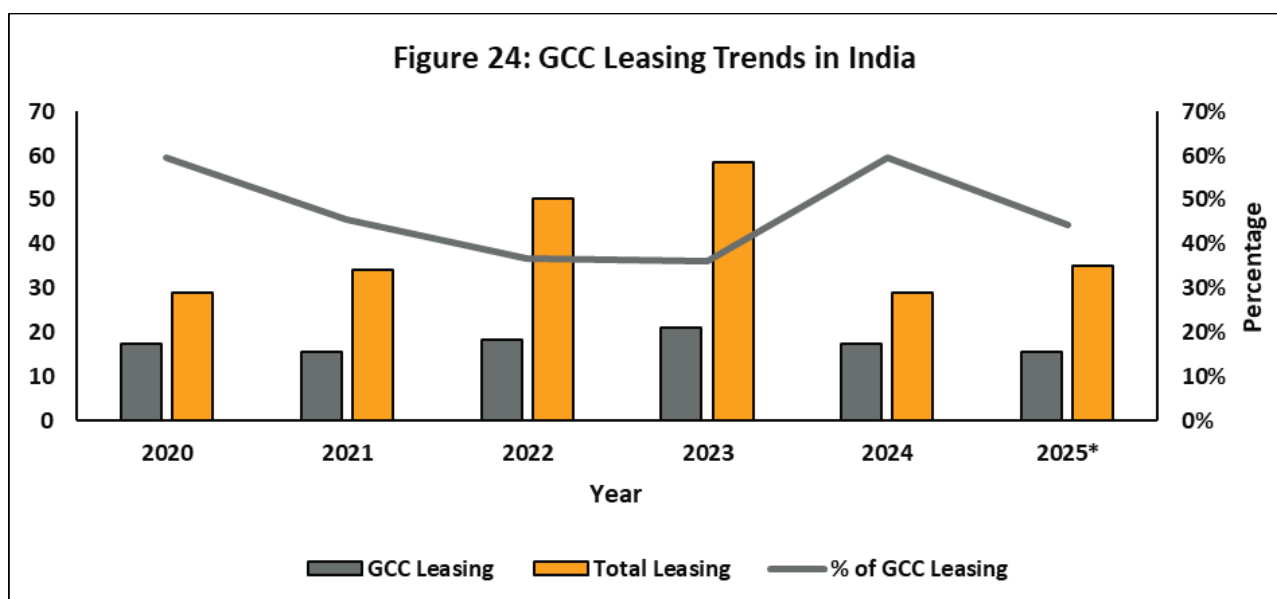
Figure 23: Major Players in Commercial Real Estate



Source: LSI Research Analysis

In 2023-2024, 46% of all leasing activity took place in Global Capability Centres (GCCs), mostly due to economic expansion and rising demand for high-end office space. CRE

investments will contribute significantly to the USD 715 billion anticipated expansion of the GCC sector by 2027.



Source: LSI Research Analysis based on data from Colliers



Figure 25: Warehousing and Logistics Sector



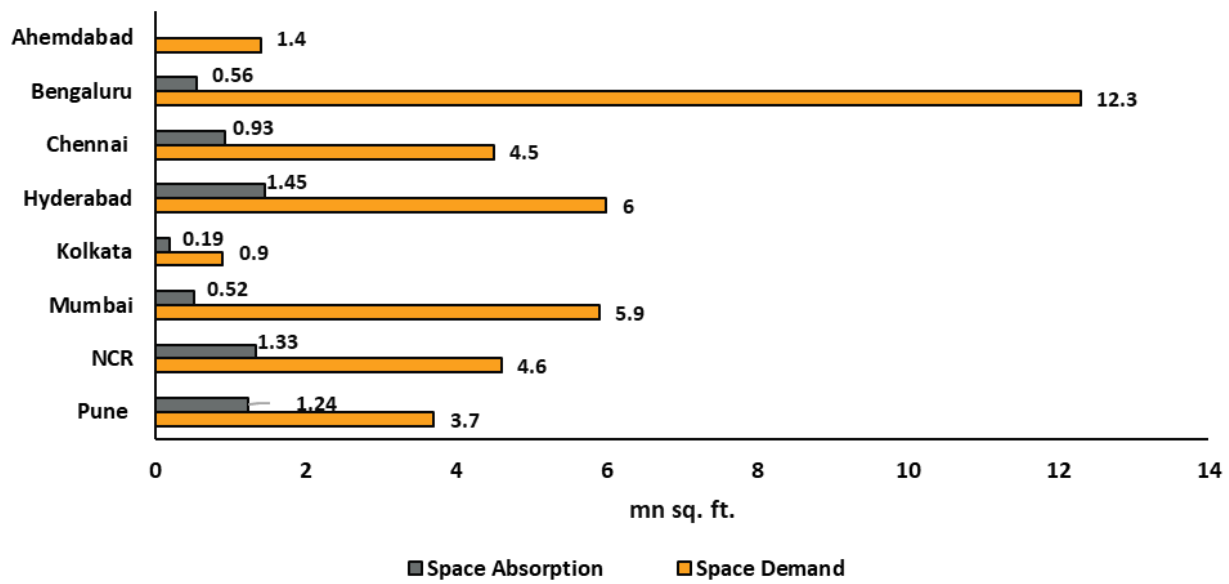
Source: LSI Research Analysis

Figure 26: Office Space Absorption



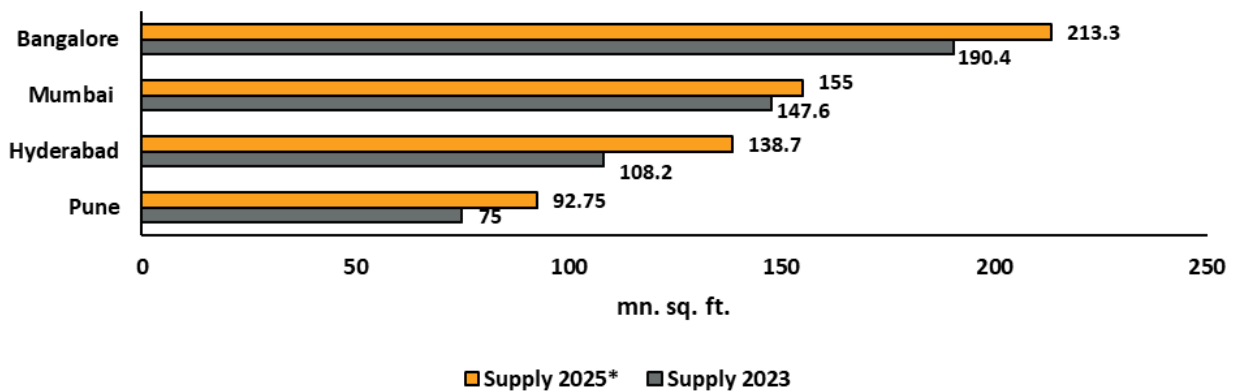
Source: LSI Research Analysis

**Figure 27: City-Wise Commercial Space Demand and Absorption in 2024**



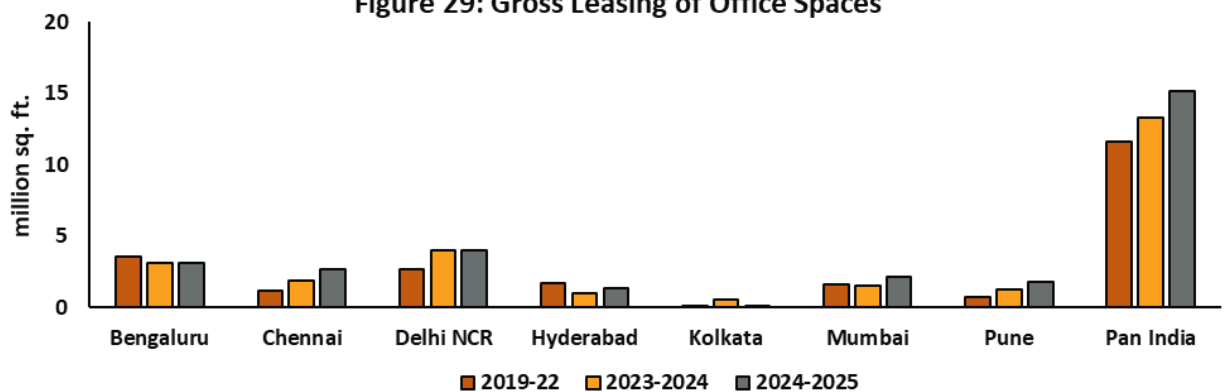
Source: LSI Research Analysis based on data from IBEF

**Figure 28: City-wise Grade A Office Supply**



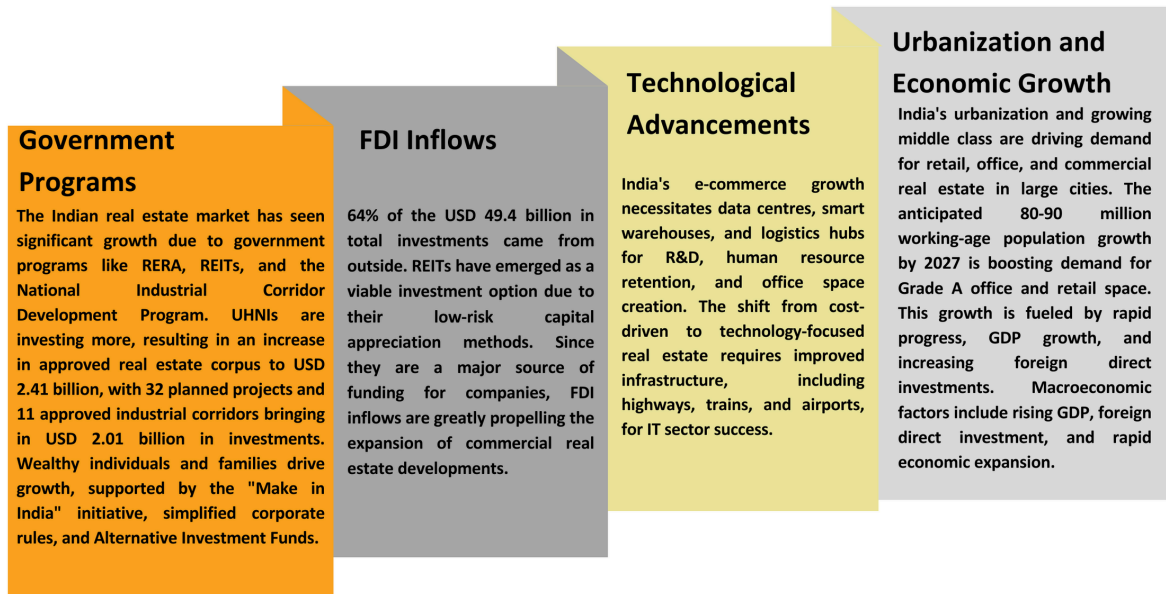
Source: LSI Research Analysis based on data from Ministry of Commerce and Industry

**Figure 29: Gross Leasing of Office Spaces**

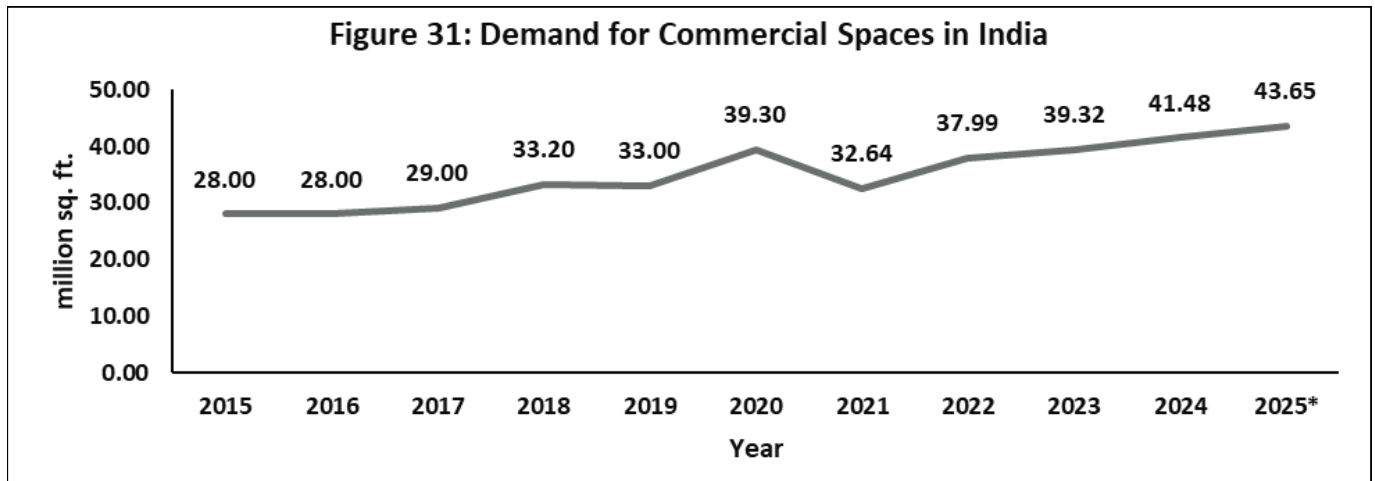


Source: LSI Research Analysis based on data from Real Estate Intelligence Service (REIS)

**Figure 30: Demand Drivers of the Commercial Real Estate**

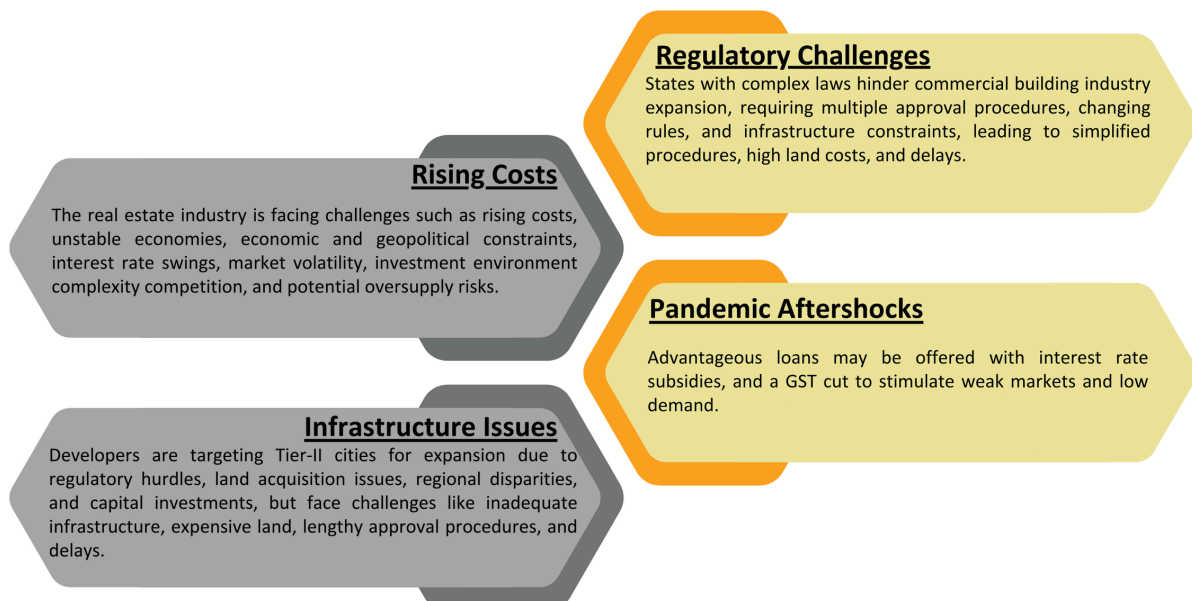


Source: LSI Research Analysis



Source: LSI Research Analysis based on data from IBEF

**Figure 32: Constraints of the Sector**



Source: LSI Research Analysis

The Indian commercial real estate industry is experiencing significant growth due to technological innovation, changing workplace paradigms, and economic foundations. Strategic opportunities include technology integration, AI-driven space management, IoT-enabled infrastructure, predictive maintenance, sustainability, net-zero energy buildings, renewable energy integration, circular economy principles, flexible

workspace strategies, modular design concepts, and collaborative workspace solutions. The modular design and collaborative workspace solutions industry is facilitated by urbanization, industrial corridors, e-commerce, and IT industries, with high demand for co-working and flexible spaces. However, funding, land acquisition, and regulatory barriers must be resolved for the industry to become a global leader.



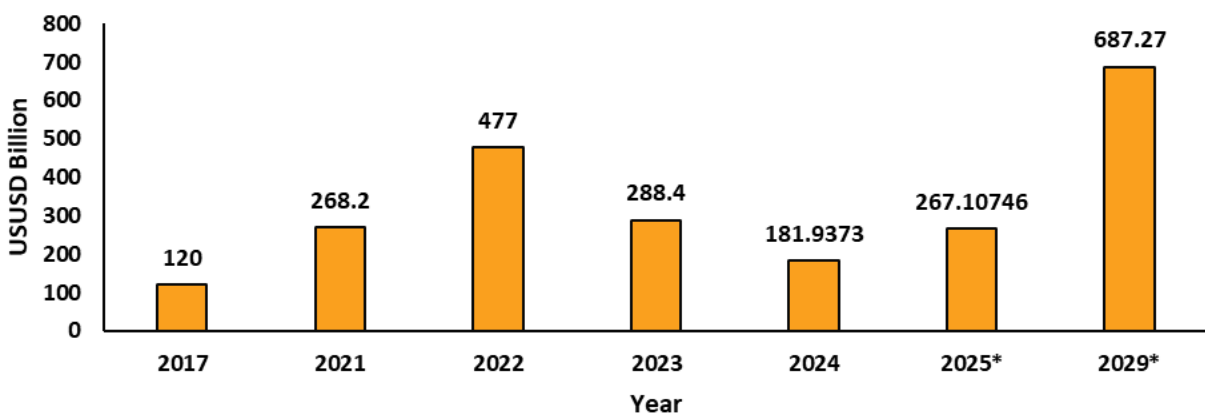
## Residential Segment in Real Estate in India

### Growth

Between 2017 and 2024, the Indian residential real estate market experienced significant growth. Sales volumes in the top 8 markets reached 329,097 units in 2024. Sales volume increased by 36%, with major metropolitan areas projected to complete around 558,000

dwellings in 2023-2024. The total number of residential unit releases rose 7% annually, with the supply of housing increasing to 29.32 lakh units between 2014-2024. The residential real estate market in India is expected to grow at a CAGR of 24.77% from 2024 to 2029.

Figure 33: Market Size of Residential Real Estate Sector

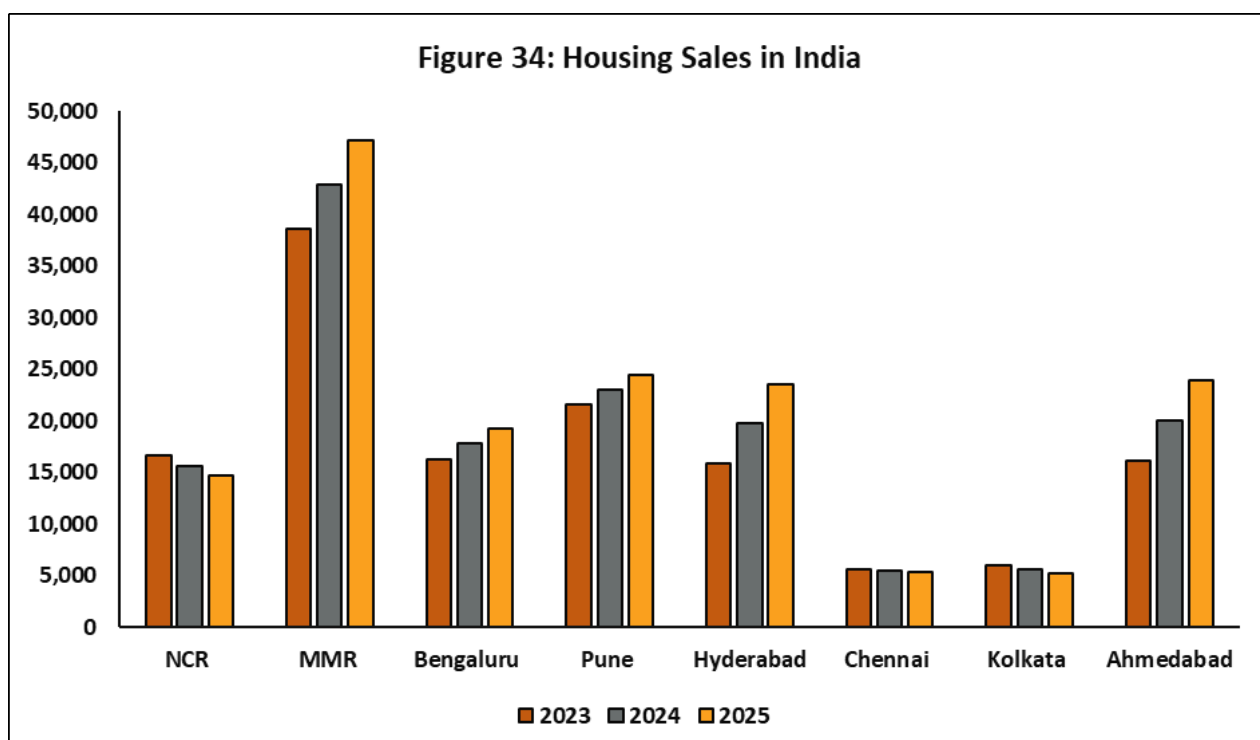


Source: LSI Research Analysis based on data from NAREDCO

India's residential real estate market experienced consistent growth and recovery since 2021, despite a 40% drop in demand due to interruptions in building and real estate transactions. The Indian residential real estate market experienced record-breaking sales and launches in 2024-2025, with an 8.4% GDP growth in 2023-24. This growth was primarily

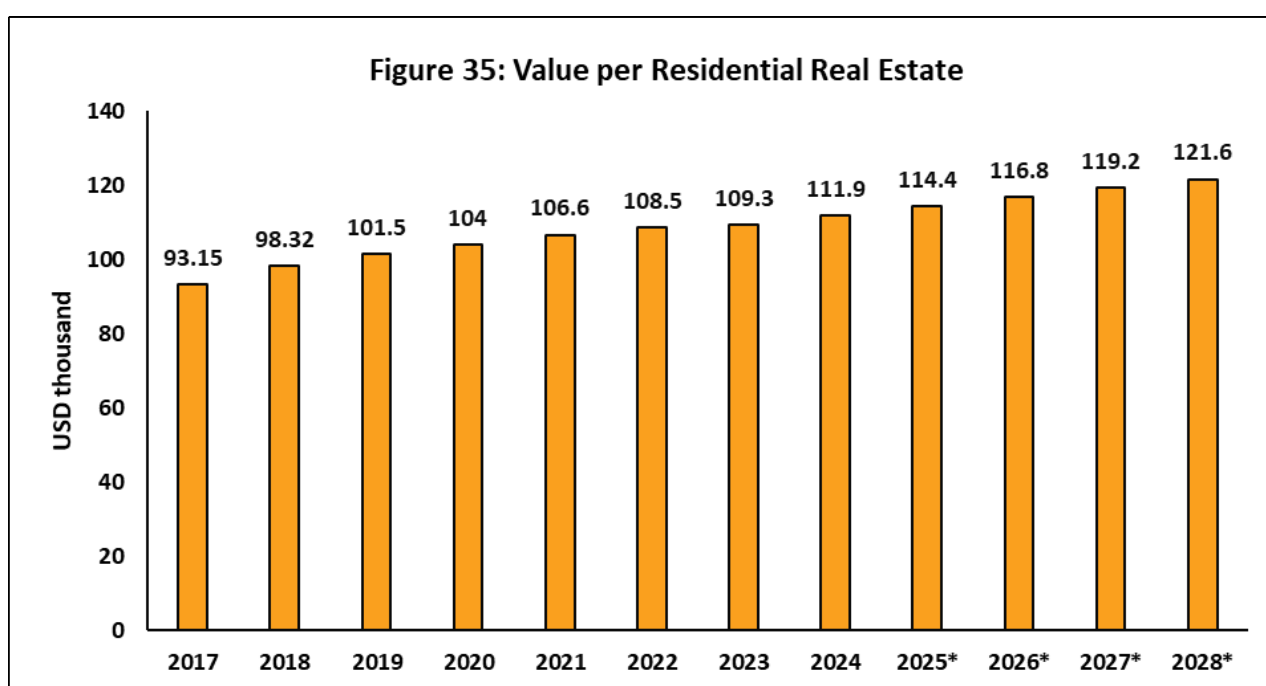
driven by affordable housing, gated communities, and luxury homes. The luxury housing market surged from 15% in 2018 to 34% in 2024. Factors contributing to this growth include urbanization, housing demand, middle-class growth, disposable incomes, lifestyle upgrades, infrastructure development, and government policies.



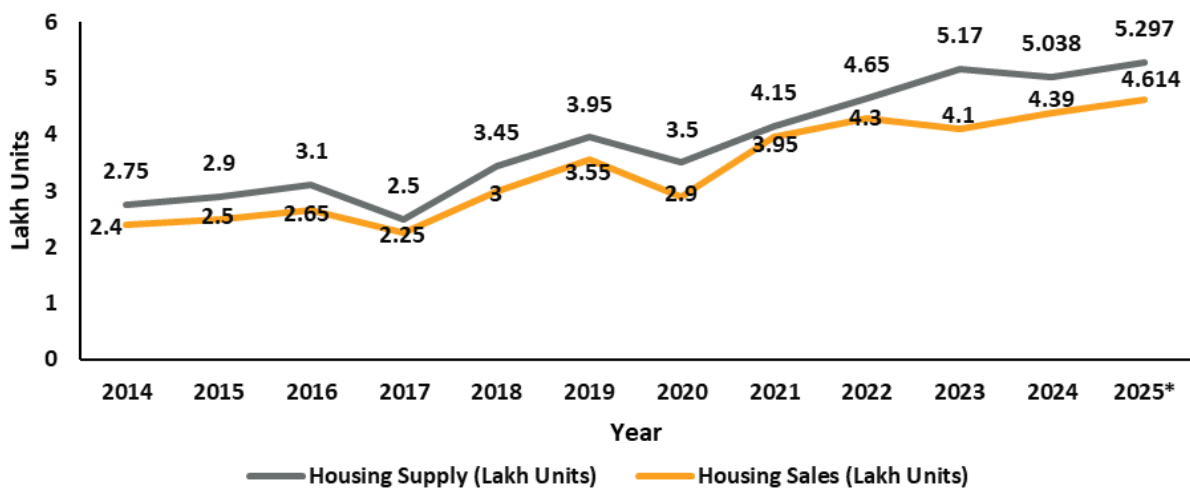


India's residential real estate market saw a 24% increase in 2024, reaching an 11-year high of 1.73 lakh units sold. This represents a 30.5% gain over 11 years, driven by affordability, government housing subsidies, and low-interest loans. The market is expanding due to urbanization and population growth, with increasing value and modest market stability. This moderate expansion

offers a stable investment environment for stakeholders and investors. House sales in the 8 largest markets increased with new dwelling units introduced in eight main cities. Ahmedabad and Hyderabad saw the most yearly growth in residential property sales, with growth rates of 33% and 48%.



**Figure 36: Housing Supply vs Housing Sales in India**

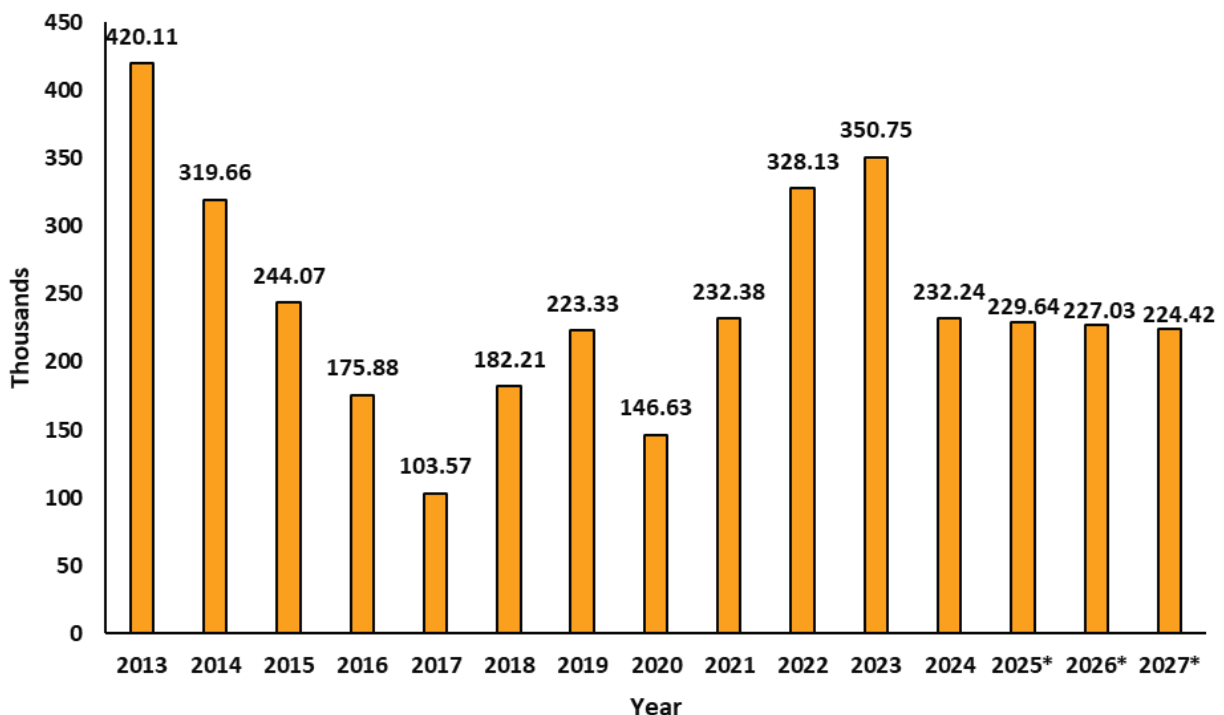


Source: LSI Research Analysis based on data from Knight and Frank

In March 2024, demand for housing units increased 21% in India's largest cities, but supply decreased 29% due to a protracted soft launch. By 2036, the nation's housing demand is expected to exceed 93 million units, with several Tier II and III cities

projected to lead both demand and supply. Despite high housing demand, Q1 2024 saw a decrease in new project launches in major residential real estate markets, with a notable increase in launches in South Indian cities.

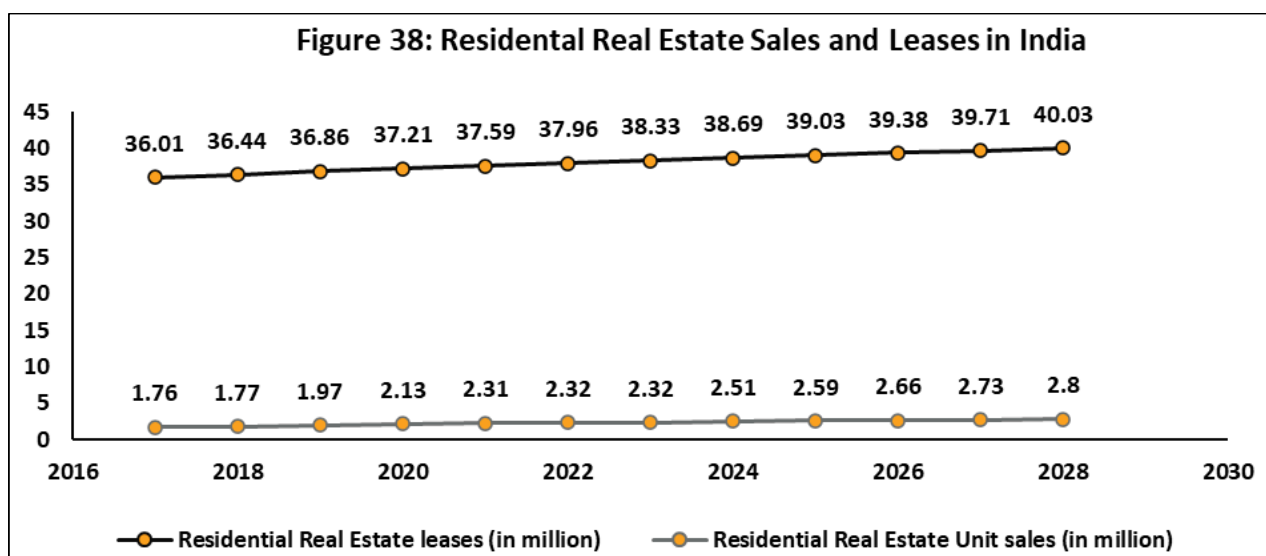
**Figure 37: Residential Property Launches in India**



Source: LSI Research Analysis based on data from Statista

In 2023, over 350,000 dwelling units were introduced to the Indian residential market. From 2013-2024, Indian residential property launches showed market instability, cyclical variations, and structural restructuring. Consumer demand increased, market fundamentals stabilized, and the industry adjusted to regulatory frameworks, resuming growth. A 41% drop in 2017 was due to regulatory changes, RERA, demonetization, and GST. The market recovered well from 2018 onwards, with releases increasing by 76%, 23% in 2019, and again following a 34% decline in 2020 due to the pandemic. By 2023, the launches reached a steady 7% rise year over year, propelled by favourable government programs like PMAY, growing housing demand, and better economic conditions. External shocks significantly affect real estate supply-side activity, with cyclical declines and recoveries. From 2017 to 2028, the residential

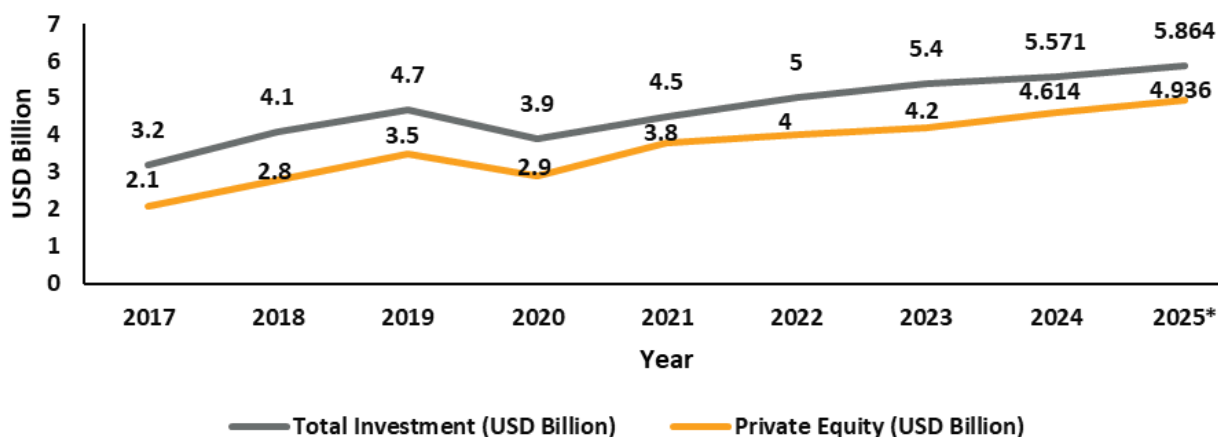
real estate market experienced steady growth in leases and unit sales, indicating stable markets and ongoing demand. Leases increased by 11.16% over a CAGR of 1.05%, while unit sales saw a strong 59% increase, with an average annual growth rate of 4.3%. Urbanization, financing, and disposable incomes have led to a surge in unit sales, indicating growing trust in real estate investments, particularly in developing economies. The positive relationship between employment rates, household incomes, and home sales predicts future growth. Changes may be influenced by government policy, interest rates, economic cycles, regional variances, and property types. Sales of residential units represented a strong overall rise of 59.09% and a CAGR of 4.25%.



India's real estate market has shown resilience despite challenges such as rising interest rates, input costs, and increasing prices. Prices are increasing due to speculative investments and growing building expenses. The industry is expected to develop rapidly, with 1.18 crore houses approved, 1.14 crore slated for construction, and 83.67 lakh finished homes under the Union Ministry of Housing and Urban Affairs PMAY initiative. The All-India house price index increased by 3.81% in 2023 compared to the previous year, with Chennai experiencing the most growth, followed by Kolkata with a 7.65% increase. Ahmedabad's index rose to 5.10%, while Bengaluru's reached 6.34%.

However, national home prices decreased by 0.93% when adjusted for inflation. Due in major part to increasing institutional investments, housing unit completions quadrupled from 2.5 lakh in 2018 and 5.3 lakh in 2024. The largest yearly sales rise (16% YoY) was reported by Kolkata. The market's recovery post-COVID was primarily fuelled by low mortgage rates, reduced stamp duties, and an increasing desire for property ownership. In 2024, the total amount of investments made in the real estate industry was USD 5.6 billion, of which USD 4.6 billion came from private equity.

**Figure 39: Total Investment vs Private Equity Investment in Real Estate in India**



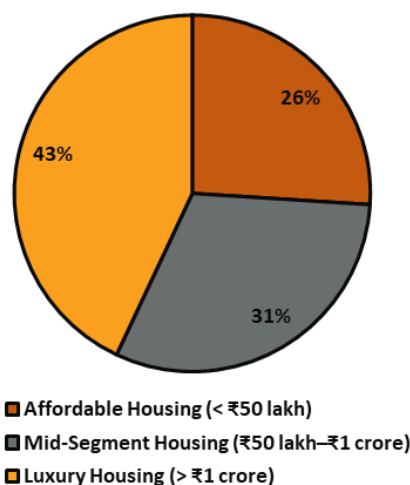
Source: LSI Research Analysis based on data from Statista

## Segments

3 categories comprise the residential sector: *mid-segment housing*, *luxury housing*, and *economical housing*. Ready-to-move-in houses

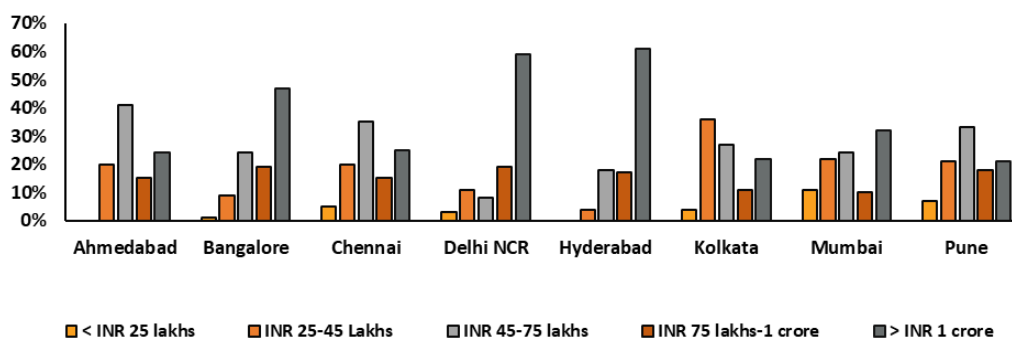
are gaining popularity due to their immediate possession and lower project risks.

**Figure 40: Residential Market Segmentation by Price in India in 2024**



Source: LSI Research Analysis based on Data from Knight Frank

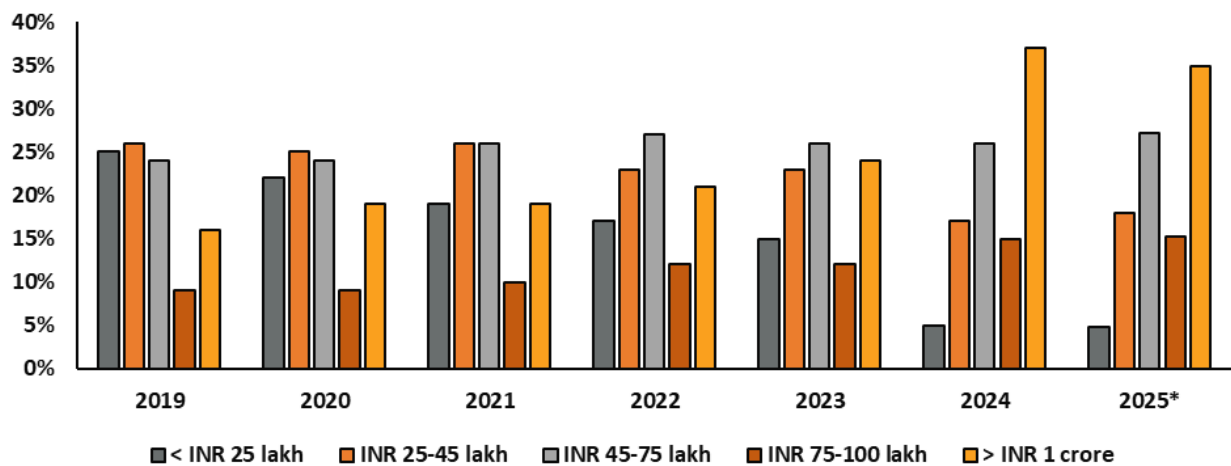
**Figure 41: City-Wise Share of Residential Real Estate based on Price**



Source: LSI Research Analysis based on Data from Knight Frank



Figure 42: Share of Residential Real Estate based on Price



LSI Research Analysis based on data from JLL Research

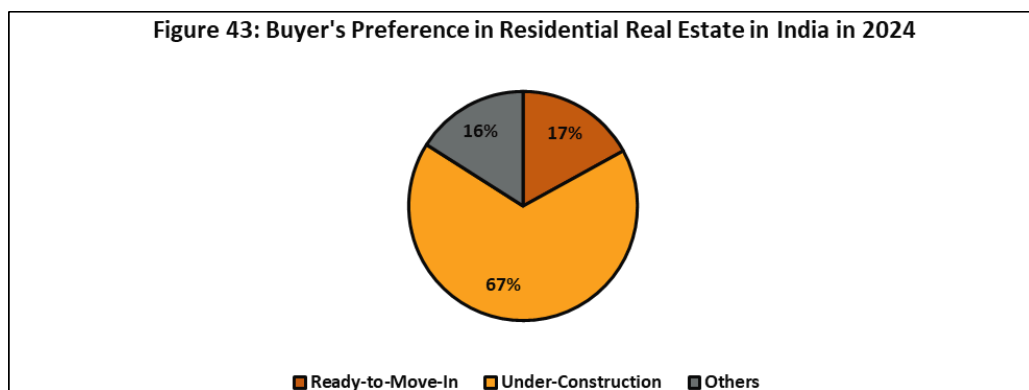
**Premium/Luxury Housing:** The demand for premium homes over Rs. 1 crore has surged from 16% in 2018 to 43% in 2024, driven by affluent consumers seeking larger, opulent residences. This market is particularly prevalent in Bengaluru, Delhi-NCR, and Mumbai. The luxury market is predicted to grow at a 21.81% CAGR to reach USD 101.92 billion by 2029. Stamp duty reductions have boosted premium market transactions, attracting wealthy individuals, high-net-worth individuals, NRIs, and HNIs due to economic growth, disposable incomes, urbanization, and exclusivity and lifestyle enhancements.

**Mid-Range Properties:** Mid-segment properties, priced between ₹50 lakh and ₹1 crore, have been a significant part of 30-37% sales in 2024, attracting upper-middle-class families seeking affordable urban real estate. The market caters to urban professionals seeking roomy, contemporary homes, with rising income levels and urbanization expected to boost demand for mid-segment homes in metropolitan areas.

**Affordable Housing:** India's affordable housing market saw a decline in 2024, with only 26% of dwellings priced under ₹50 lakh. This is due to rising building and real estate costs, which previously accounted for 54% of the market. Affordable housing remains a significant economic driver for middle-class and lower-class consumers, largely due to infrastructure expenditure, tax breaks, reduced GST rates, and home loan reductions. The NHB's Affordable Housing Fund, which has a balance of ₹10,000 crore, enhances credit for housing requirements. India is projected to need 25 million units by 2030 to address its housing 10 million deficit.

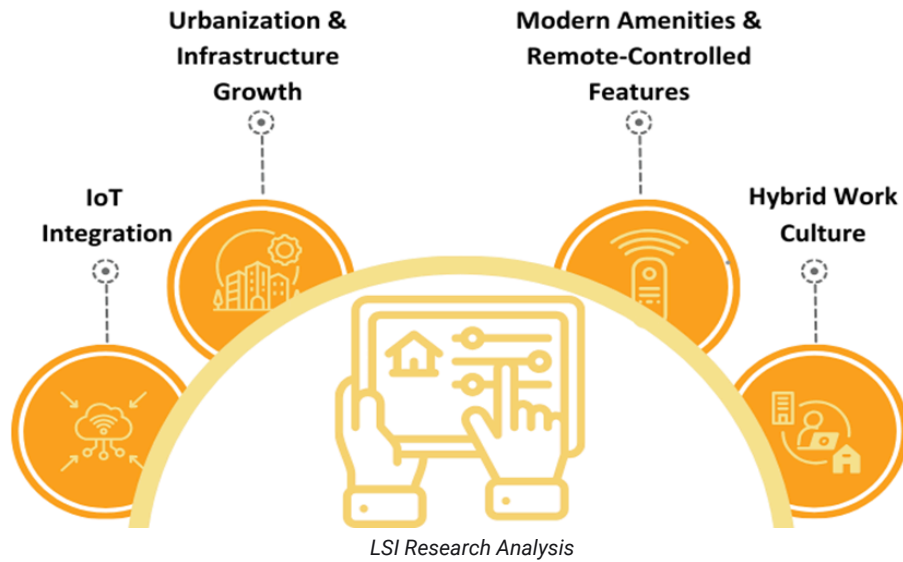
**Under-Construction vs. Ready-to-Move-In Properties:** In India, 67% of buyers prefer under-construction apartments for affordability and customization, while 17% prefer ready-to-move-in houses due to long waiting times and project failures. The Indian real estate market is undergoing significant transformation, with builders prioritizing finished homes and quick occupancy.

Figure 43: Buyer's Preference in Residential Real Estate in India in 2024

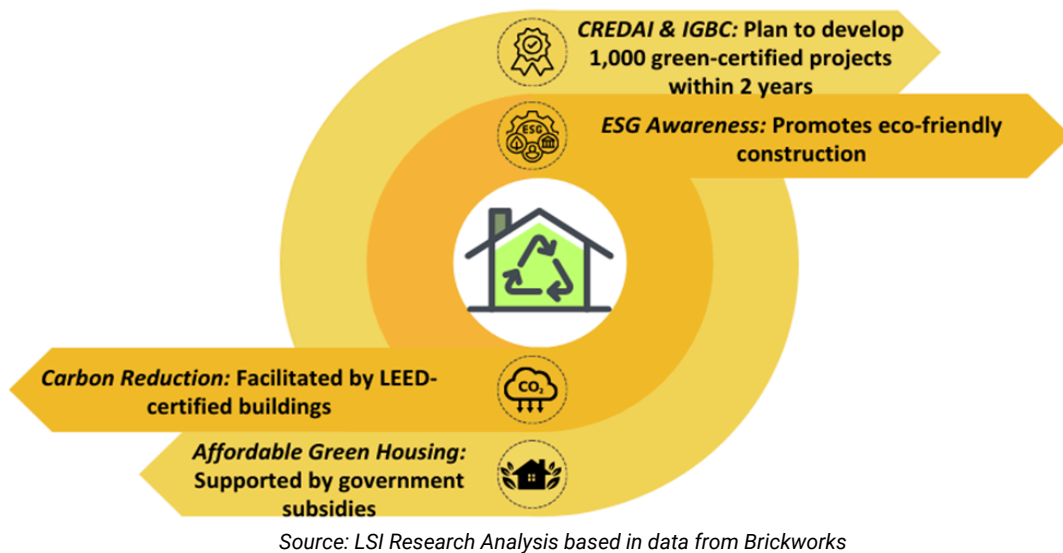


LSI Research Analysis based in data from Brickworks

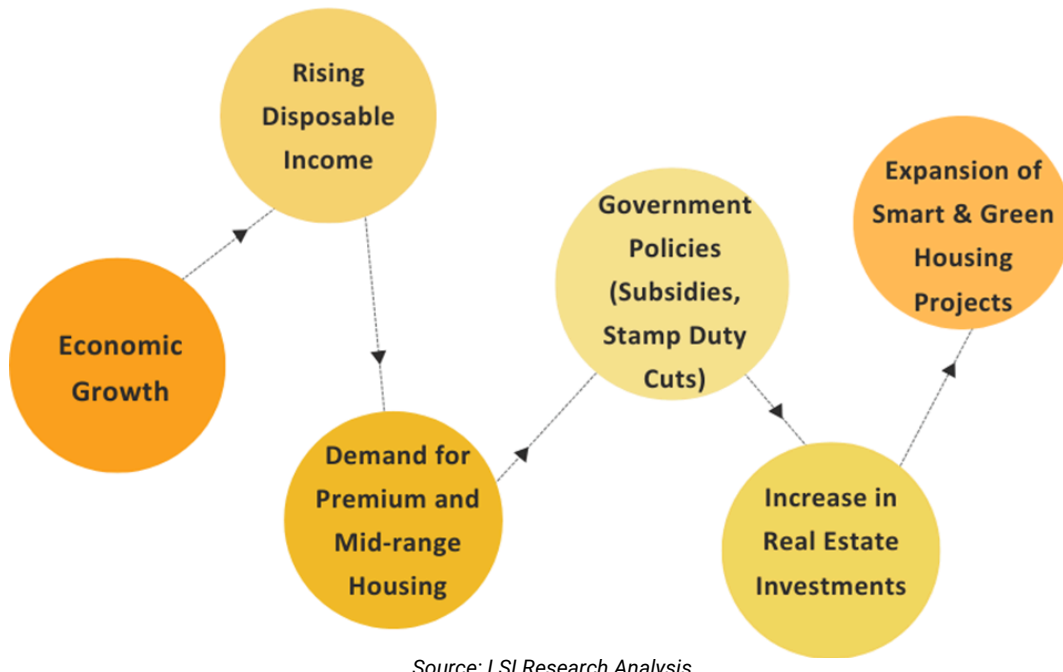
**Figure 44: Smart Homes in Residential Real Estate Market**



**Figure 45: Green homes and Sustainability in Residential Real Estate in India**



**Figure 46: Economic Growth contributing to expansion of Smart & Green Housing Project**

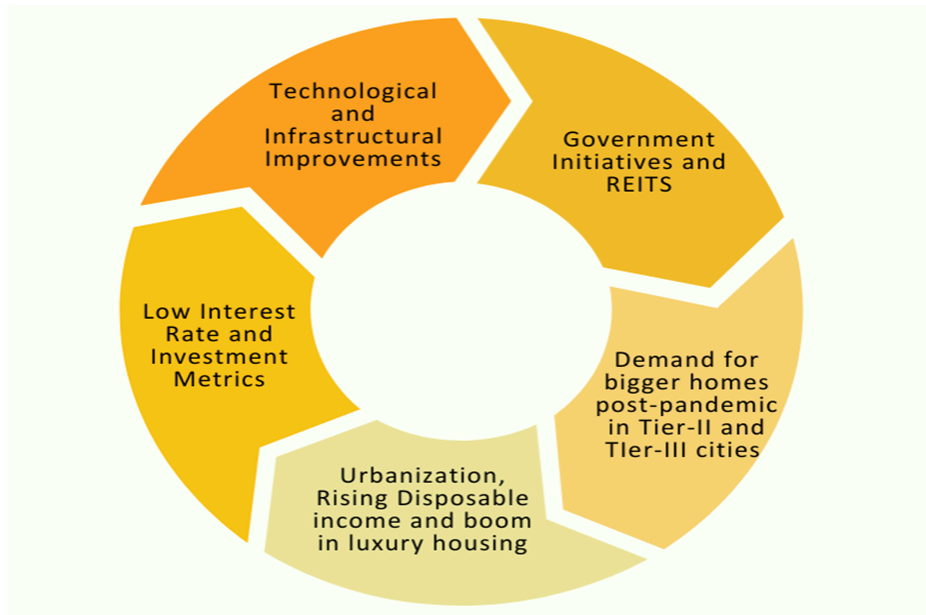


## Demand Drivers

India's residential real estate industry is experiencing a significant surge, particularly in the luxury sector, which currently holds a 34% market share. The industry is experiencing steady growth due to rising earnings, evolving

consumer preferences, and opulent living spaces, influenced by population changes, new laws, and higher living standards. In 2024, the demand for residential properties increased by 11%.

**Figure 47: Factors Affecting Residential Real Estate Demand in India**



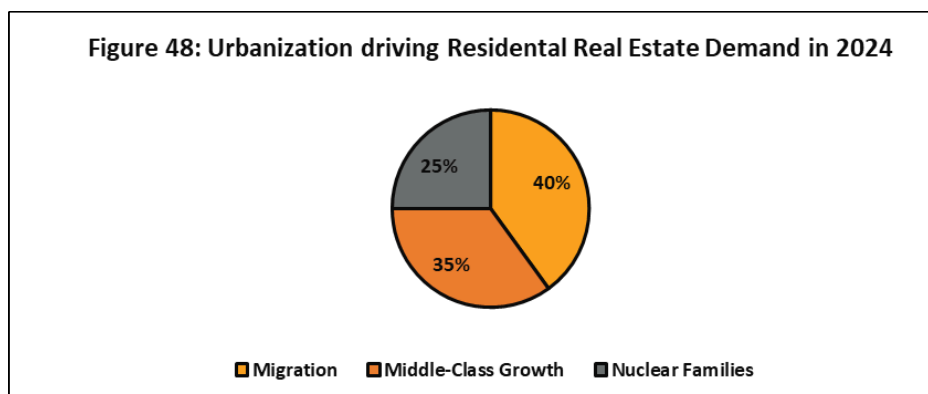
Source: LSI Research Analysis

## Urbanization

With 37% looking for renovations and 32% being first-time buyers, the demand for property in metropolitan regions is rising due to rapid urbanization. The urban housing shortage is primarily caused by migration, a

growing middle class, industrialization's increased labour demands, urban population, occupational mobility, and nuclear family pattern, also contribute to the demand for residential and commercial space

**Figure 48: Urbanization driving Residential Real Estate Demand in 2024**

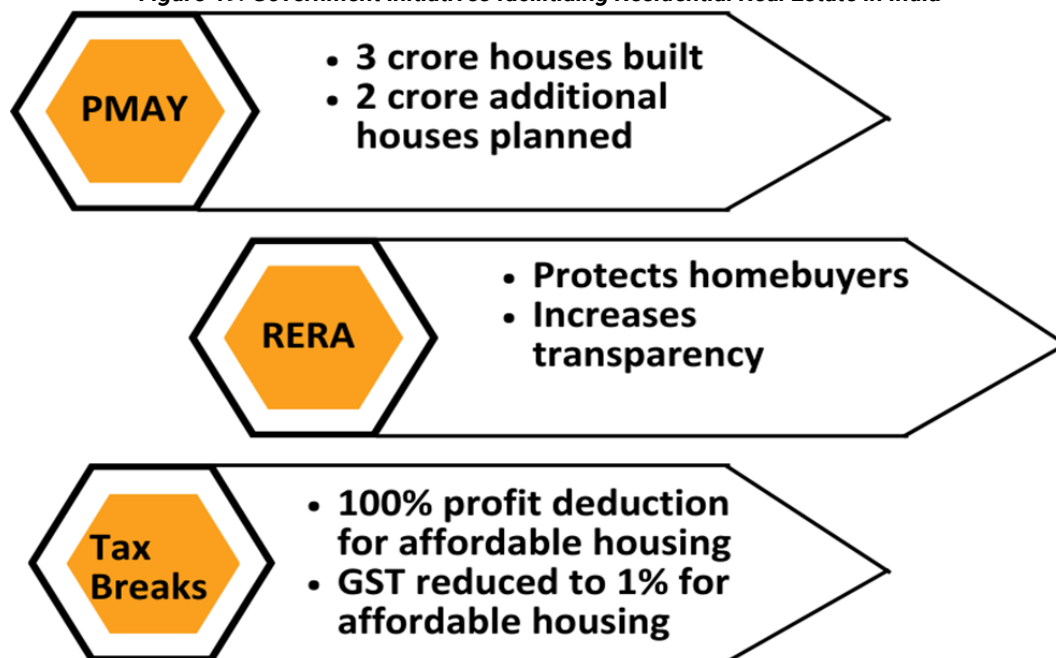


Source: : LSI Research Analysis based on data from Knight Frank

## Government Initiatives

PMAY aims to alleviate the lack of affordable homes in metropolitan areas.

Figure 49: Government Initiatives facilitating Residential Real Estate in India



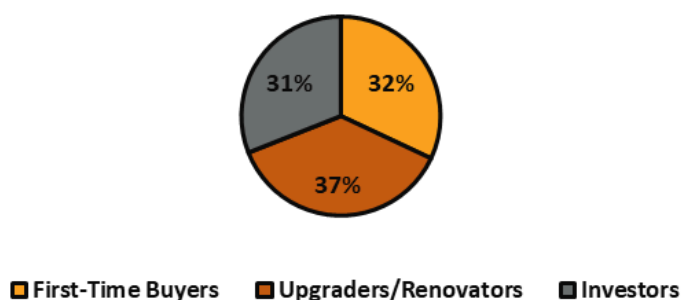
Source: LSI Research Analysis

## Demand in Tier II and Tier III cities

Due in large part to inexpensive housing developments and new job prospects, 80% of homebuyers in Tier-I cities desire to be homeowners. Tier II and III cities are attracting first-time investors due to the growing middle

class, rapid urbanization, and rising disposable incomes. 37% of buyers are looking for improvements, and 32% are first-time purchasers. There is a lot of demand in Tier II and Tier III cities.

Figure 50: Residential Demand in Tier-II and Tier-III Cities in India in 2024



Source: LSI Research Analysis based on data from Knight Frank



Figure 51: Demand for Bigger Homes Post-Pandemic

## Changing Consumer Attitudes

- Work-from-home arrangements have increased demand for larger homes.
- Improved lifestyles and affordability in smaller regions are driving purchases.
- Increased awareness of home ownership benefits.

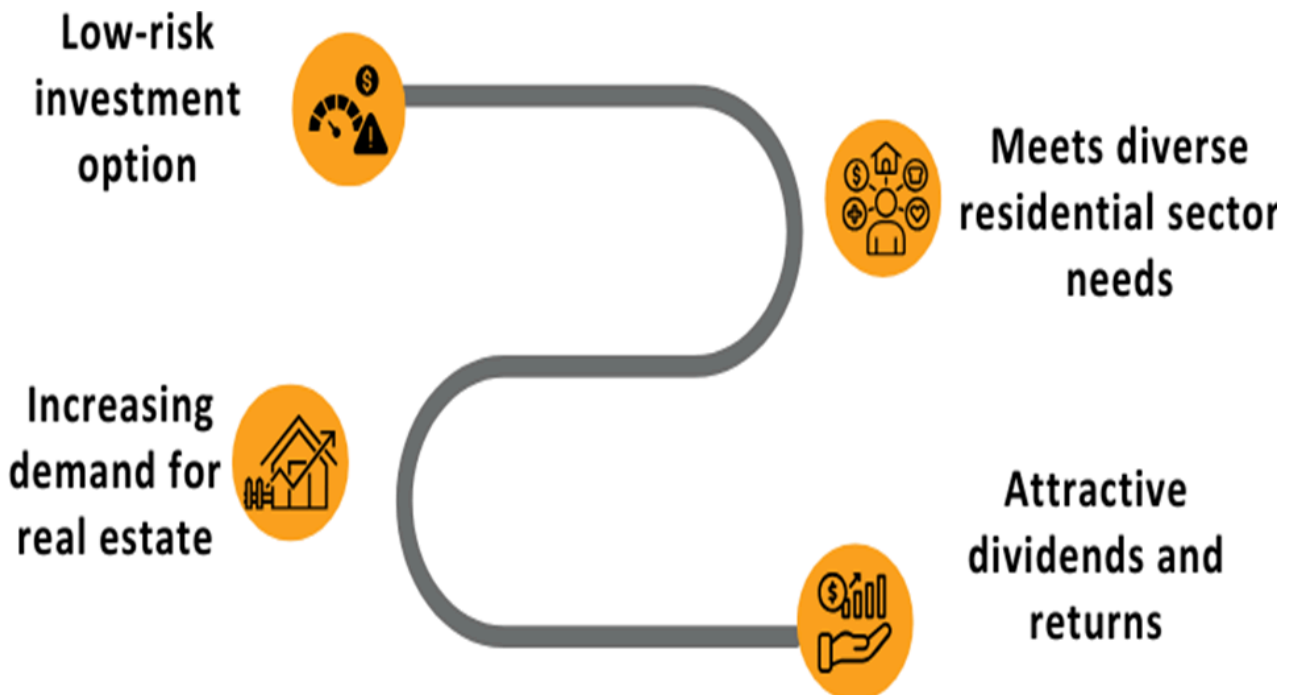


## Growth of Co-Living Spaces

- More appealing to young professionals and students.
- Institutional investments are boosting the sector.

Source: LSI Research Analysis

Figure 52: Role of Real Estate Investment Trust (REITs)

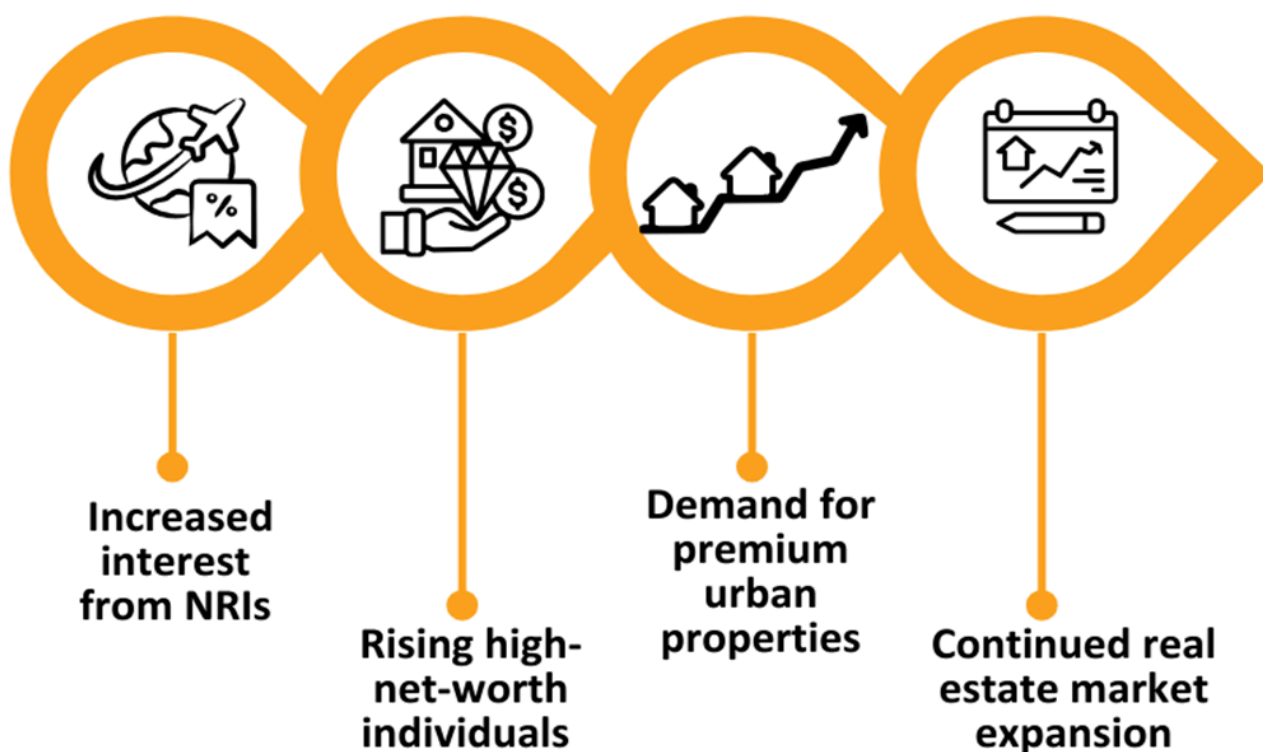


Source: LSI Research Analysis

Luxury Housing Boom: Due to the rising interest from Non-Resident Indians (NRIs) and

high-net-worth people, the demand for luxury homes has climbed by 51% annually.

Figure 53: Factors influencing Luxury Real Estate sales in India



Source: LSI Research Analysis

Figure 54: Consequences Rising Disposable Income in Residential Real Estate

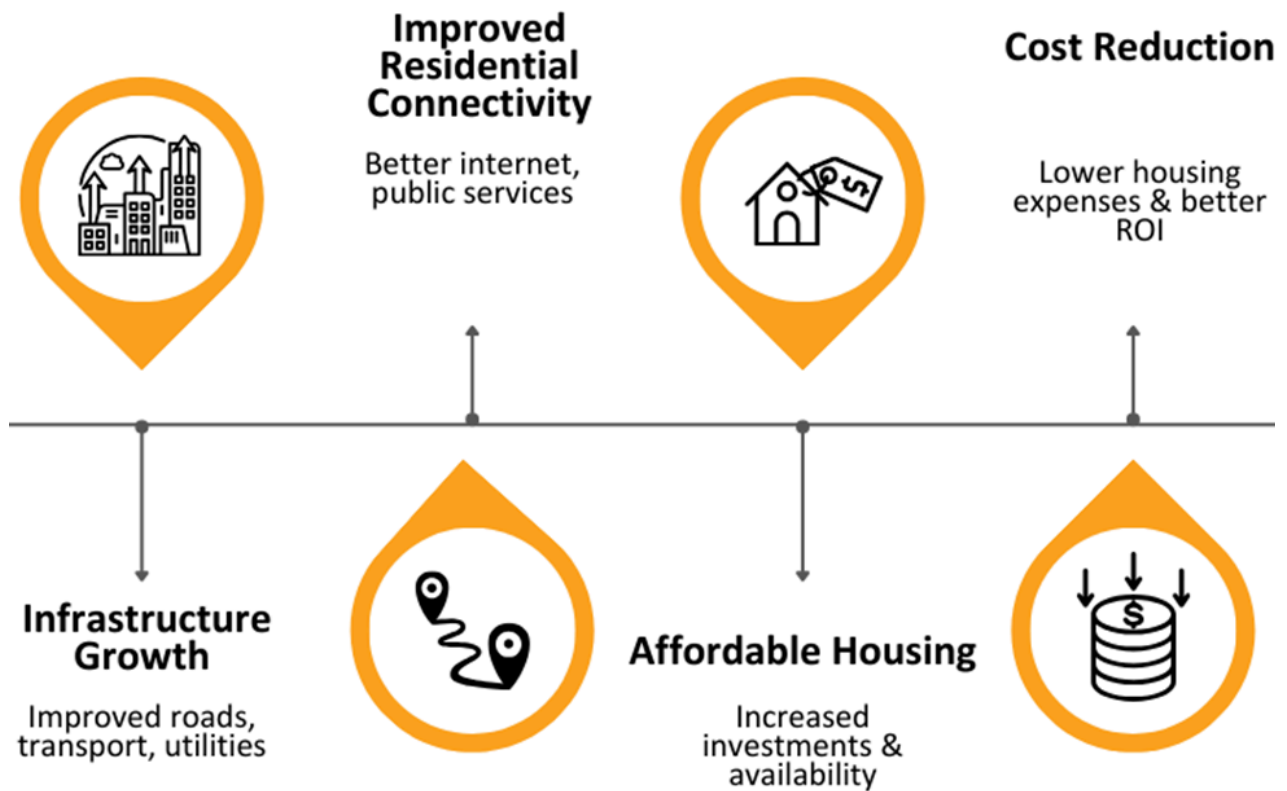


Source: LSI Research Analysis

## Technological and Infrastructure Improvement ○.....

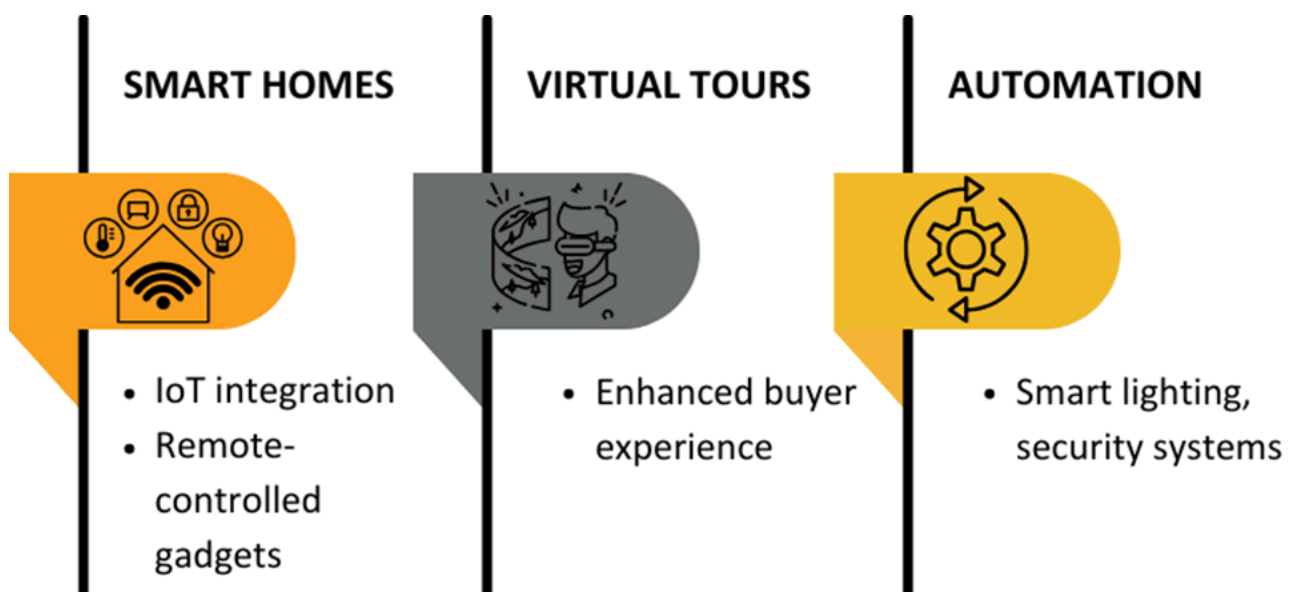
Government infrastructure investments have increased residential connectivity, leading to increased investment in affordable housing and reduced costs.

Figure 55: Key Outcomes of Technological and Infrastructure Improvement



Source: LSI Research Analysis

Figure 56: Consequences Rising Disposable Income in Residential Real Estate



Source: LSI Research Analysis



Source: LSI Research Analysis

## Surging residential property sales

329,097 units sold in 2023 across India's top 8 markets, a 5% YoY growth. Value of new homes expected to grow to USD906 billion by 2034.

**Figure 58: Surging Residential Property Sales Affecting Residential Real Estate**



Source: LSI Research Analysis

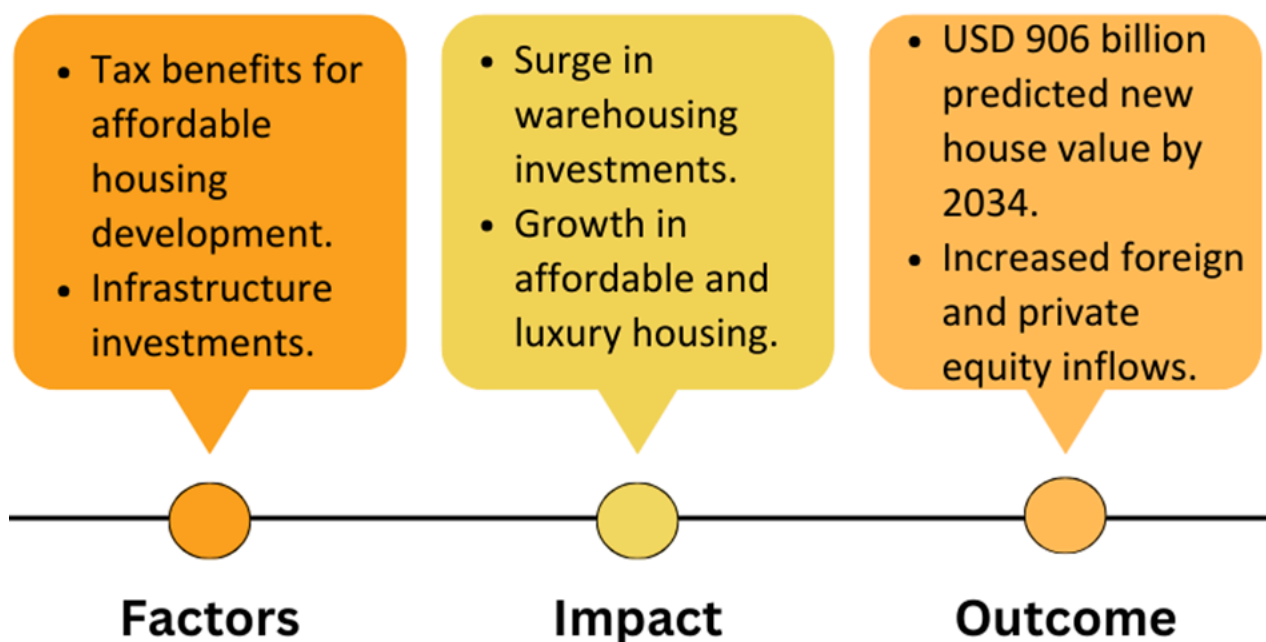


**Table 10: Strengthened Domestic Economy affecting Housing Demand.**

<b>Factors</b>	<b>Impact on Housing Demand</b>
<b>Stable Economic Conditions</b>	There is an increase in consumer confidence and spending.
<b>GDP Growth</b>	Increased investment and job creation are linked to higher real estate investments.
<b>Rising Disposable Incomes</b>	The increase in purchasing power has led to greater affordability for homebuyers.
<b>Positive Macroeconomic Indicators</b>	There are reduced financial risks for buyers through favourable policies and economic stability, as indicated by positive macroeconomic indicators.
<b>Housing Demand Surge</b>	This surge leads to more housing units being sold.

Source: LSI Research Analysis

**Figure 59: Investment Metrics Facilitating Residential Real Estate**



Source: LSI Research Analysis

Chennai led the market with an 8.41% gain in the All-India House Price Index, which rose 3.81% in Q3 of FY 2023–2024. Growth was 7.65% in Kolkata, 6.34% in Bengaluru, and 5.10% in Ahmedabad. Stamp duty reductions and the expansion of the luxury sector propelled the Mumbai Metropolitan Region to the top of the market with 47,259 units sold in H1 2024. In 2022, house sales in Delhi-NCR increased by 154% annually, with Bengaluru,

Pune, Mumbai, and NCR seeing the best results. The region's residential real estate industry has benefited from infrastructural investments, with Mumbai (86871 units), the National Capital Region (60002 units), Bengaluru (54046 units), and Pune (49266 units) exhibiting the best results. With a 16% increase in sales from 12,909 units to 14,999 units, Kolkata had the largest gain.

**Figure 60: Constraints of Residential Real Estate**

- 01** Financial restrictions and budget cuts for approval procedures, GST reductions for real estate developments, and increased tax benefits for purchasers, may limit affordability and make financing difficult.
- 02** Urban housing shortages require immediate response due to increased demand for larger dwellings and a scarcity of affordable housing supply.
- 03** Delays and poor performance in ongoing building projects are driving up demand for residential real estate.
- 04** Residential Real Estate is impacted by slowdown, rising interest rates, inflation, labour market volatility, credit market volatility, and skilled labour shortage.
- 05** The absence of infrastructure in the real estate sector can result in project delays and increased costs.
- 06** The regulatory framework's complexity, including RERA rules and stricter paperwork requirements, may hinder development and investment.
- 07** Operational restrictions in infrastructure projects include rising construction costs, lack of private sector involvement, delays, and poor performance in under-construction projects.

Source: LSI Research Analysis

## Business and Economic Outlook



India's residential real estate industry is predicted to experience steady growth due to population shifts, new laws, and rising living standards, supported by financial institutions and government regulations. 78 million more dwelling units expected in metropolitan areas. Government incentives, housing programs, and smart home technology are expected to support market development, with developers and investors focusing on high-end, affordable homes to boost property value, leveraging urbanization, changing consumer preferences, and strong economic fundamentals. The luxury real estate market tripled in size, reaching 93 million units in 2023.

The Indian residential real estate market offers profitable investment options for developers, purchasers, and investors. Developers and investors are prioritizing premium housing, government-backed affordable options, and smart home technology to boost property values, with green residential developments and sustainable infrastructure influencing the sector.

The Indian residential real estate sector is experiencing rapid growth and a housing crisis in metropolitan areas, necessitating solutions to infrastructure development, regulatory barriers, affordability, government regulations, technology advancements, and demographic shifts.



## Retail Segment in Real Estate in India

### Growth

India's retail industry is projected to experience significant growth, with over 41 million square feet of retail complexes in the top 8 cities expected between 2024-2028, accompanied by an 18% growth rate. Cities are focusing on spatial growth of retail real estate to significantly contribute to their NSDPs. The organized retail real estate stock is predicted to grow by 28%, reached 82 million square feet in 2023-2024. In H1 2024,

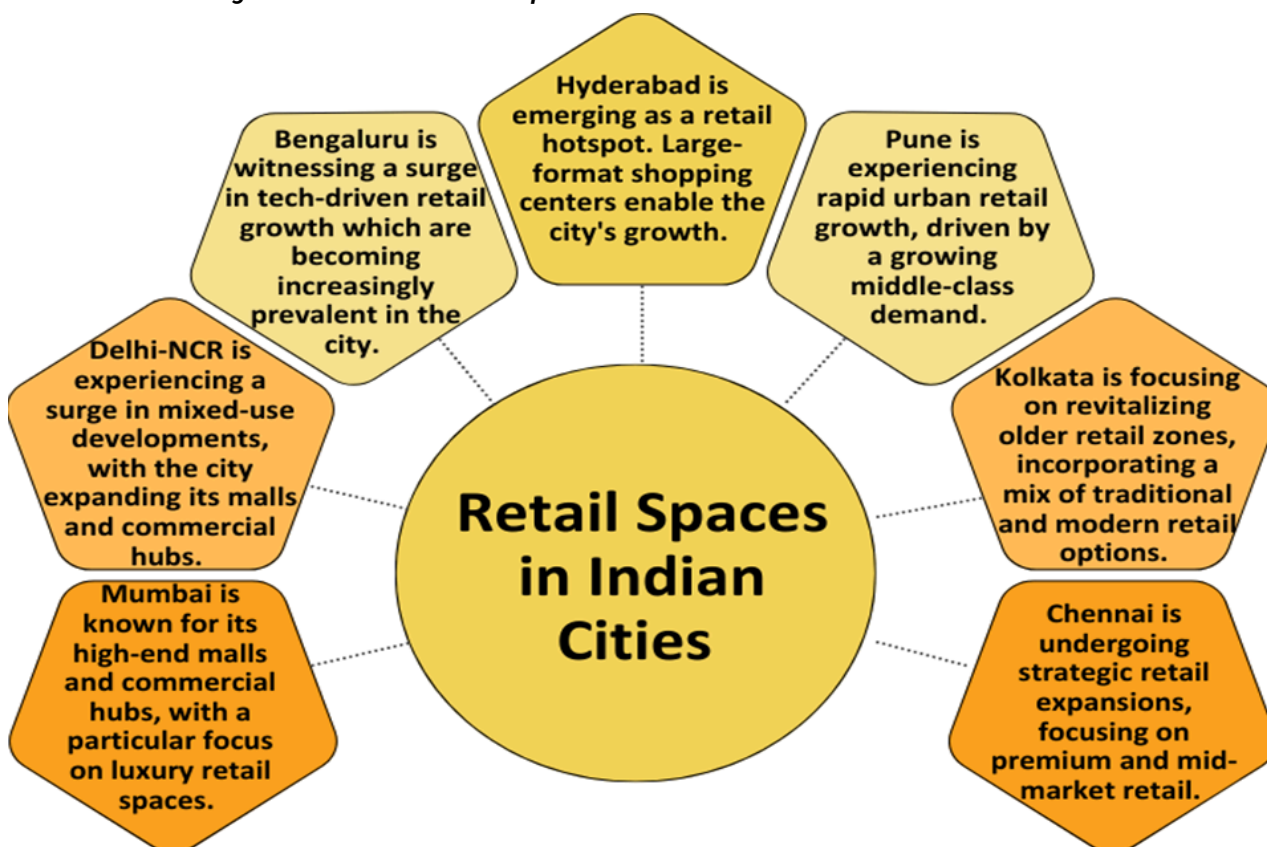
India's retail real estate industry experienced a 7% increase in organized retail space absorption due to rising disposable incomes and evolving customer preferences, indicating continued demand in organized retail. The Indian retail real estate market is expanding significantly. With significant room for growth and innovation, this industry is an essential component of India's economic structure.

Figure 11: Factors Impacting the Growth of Retail Real Estate Sector in India

Factors	Impact on Retail Real Estate
Urbanization	Increased demand for retail spaces
Rising Disposable Income	Higher consumer spending and retail expansion
Evolving Customer Preferences	Growth in organized retail formats
Economic Changes	Structural shifts fuelling investment

Source: LSI Research Analysis

Figure 61: Retail Real Estate Spaces Distribution and Concentration in Indian Cities



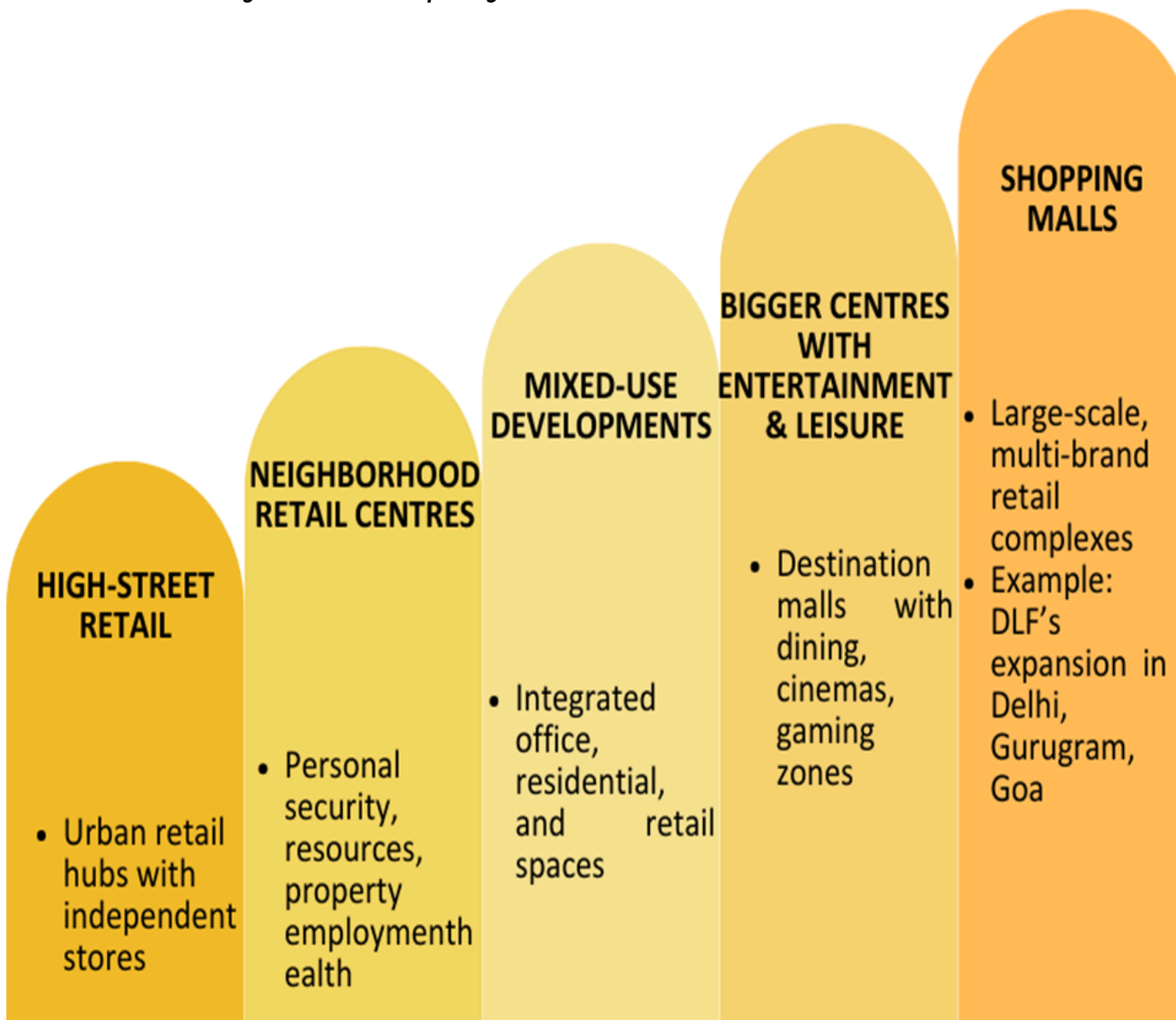
Source: LSI Research Analysis

## Segments

By 2025, 60 luxury shopping malls with 23.25 million sq. ft. of retail space will be operational, offering a diverse range of shopping and entertainment options. The Indian retail mall market experienced periods of expansion and collapse. The industry grew steadily from 188 malls in 2012 to 255+ malls by 2024 after experiencing a significant shrinkage due to the COVID-19 pandemic in 2020. Economic uncertainty, postponed projects, and decreased consumer foot traffic were the main

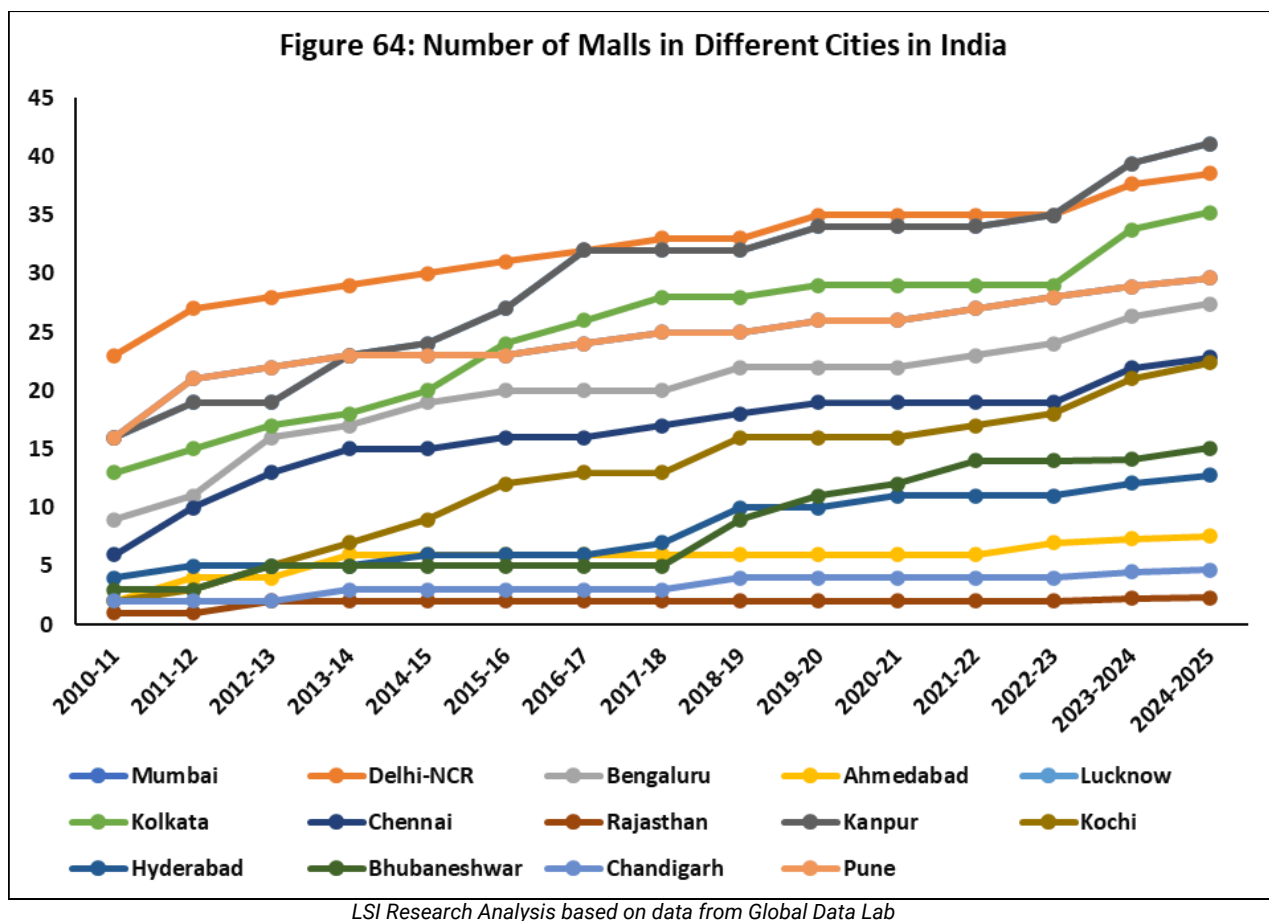
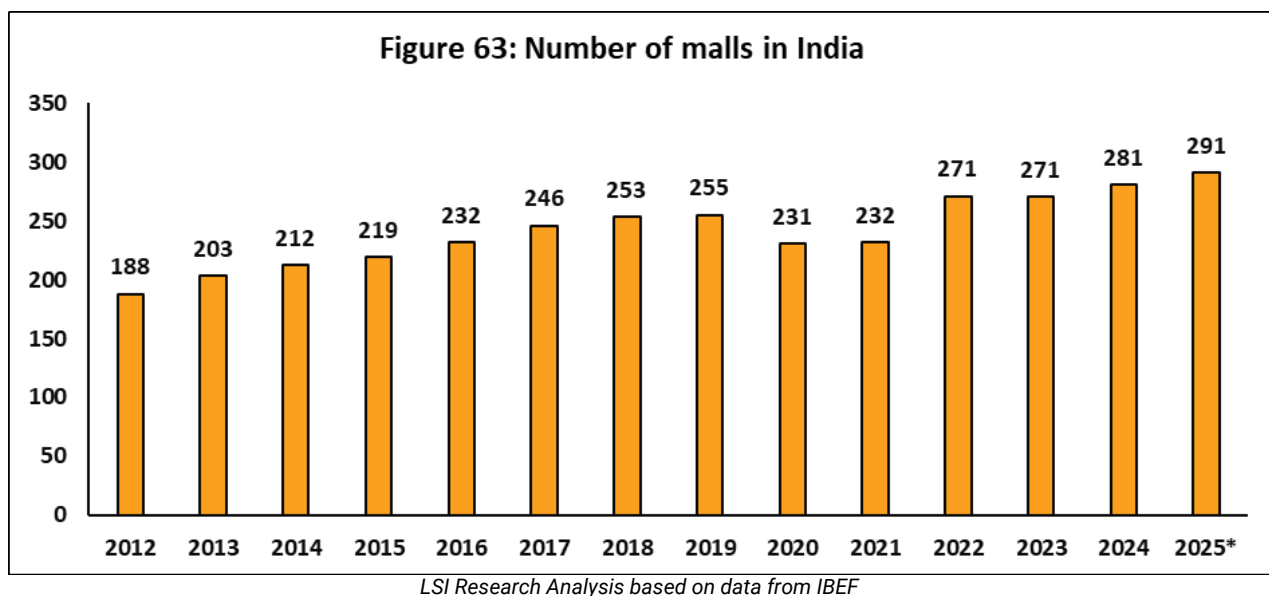
causes. The industry recovered slowly in 2021, but in 2022, with the addition of 39.5 malls and a strong 15% Y-o-Y growth, it recovered well, thanks to increased retail spending, urbanization, and pent-up demand. The Indian mall sector saw a surge in 2022 despite a 2020 pandemic decline, showcasing its resilience in adapting to macroeconomic changes through innovation, strategic recalibration, and long-term market potential. A surge in the numbers of retail centres is expected in 2025.

**Figure 62: Factors Impacting the Growth of Retail Real Estate Sector in India**



Source: LSI Research Analysis





As urbanization continues and disposable incomes rise, retail spaces, including malls, are expected to increase in demand, making them crucial to India's urban landscape. However, challenges like regulatory hurdles and

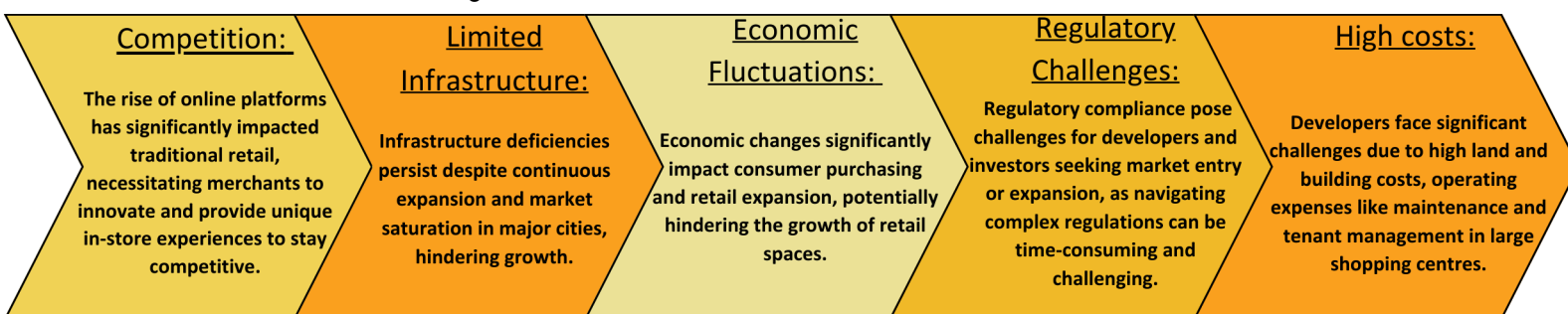
changing consumer preferences may impact future developments. Major metropolitan areas are experiencing a surge in retail development, with smaller cities showing varying growth rates.

**Table 12: Factors affecting Retail Real Estate Demand**

<b>Demographic Changes</b>	India's growing disposable incomes are driving increased shopping spending in urban and rural areas. The trend towards experiential buying is driven by young individuals, economic enablers, and changing customer tastes. Urbanization, increased consumption, and deregulation of foreign direct investment have accelerated mall and organized retail growth.
<b>Tier II &amp; III City Expansion</b>	The retail industry in Tier II and III cities is expanding due to improved infrastructure, increased disposable income, consumer preferences, e-commerce expansion, and growing retail infrastructure. By 2028, these cities are predicted to have 41 million square feet of operational retail projects.
<b>E-commerce Integration</b>	The seamless integration of online and offline retail channels has necessitated the need for physical retail spaces to enhance customer engagement.
<b>Investments</b>	Between 2000 and 2024, FDI in retail retailing reached USD4.63 billion, with 100% allowed under policy backing. Institutional investments in 2022 reached USD492 million, driven by government measures and easing regulations.
<b>Immersive and Experiential Retail Spaces</b>	The retail industry is incorporating entertainment and leisure elements into larger projects due to global travel awareness and the demand for immersive experiences, foreign brands and unique shopping experiences.
<b>Lease-Based Developments</b>	Lease-based agreements, offering higher financial returns and greater tenant quality control, constitute over 78% of the impending supply.
<b>Spatial Transformation</b>	Larger retail projects and a 30% rise in average retail space size are characteristics of the spatial transformation trend.
<b>Job Creation</b>	The "Make in India" campaign is predicted to create 25 million new retail real estate jobs by 2030, boosting growth in the industrial and logistical sectors. Currently comprising 8% of the workforce, the industry is expected to grow significantly over the next ten years.

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**Figure 65: Constraints of Retail Real Estate Sector in India**



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## Hospitality Segment in Real Estate in India

### Growth

The Indian hospitality industry has experienced substantial growth in the past decade, driven by increased travel, disposable incomes, and evolving lifestyle preferences. From 2014 to 2024, the sector experienced a 10% CAGR growth due to government initiatives like the "Incredible India" campaign and relaxed FDI regulations. India is projected to have over 50,000 more luxury hotel rooms by 2025 to meet the increasing demand. Hotel investment volumes quadrupled from the previous year to a record high of USD 401 million in 2023. With a projected USD 284 million in extra

investment in 2024, the sector is predicted to continue expanding. The tourist industry's post-pandemic rebound has further accelerated the rise, with luxury hotel occupancy rates rising by 25% annually. The Indian hospitality industry is expanding due to increased travel, rising disposable incomes, and government promotion, affecting room prices and occupancy rates. Factors driving this expansion include improved infrastructure, a thriving local tourist industry, and India's global vacation appeal.

Figure 66: Drivers of Hospitality Segment in Real Estate in India



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**Table 13: Factors Influencing the growth of Hospitality Segment in the Real Estate Industry in India**

<b>Domestic Tourism</b>	India's rising disposable incomes and improved connectivity are driving 85% of tourist activities, resulting in a boom in demand for leisure travel, particularly experiential travel. This is boosting demand for resorts, boutique hotels, specialty lodgings, staycations, domestic tourism, and cultural and heritage tourism.
<b>International Tourism</b>	The Indian hotel industry experienced growth in 2023 due to 7.5 million international visitors, increased demand for business and luxury hotels, improved air connectivity, and visa liberalization regulations.
<b>Business Travel</b>	India's MICE sector, expanding at an 8% annual rate, is driving demand for conference centres and business hotels, driven by corporate growth, foreign conferences, international business involvement, business travel, events, start-up environments, and international corporate involvement.
<b>Tourism Hotspots</b>	The growing demand for midscale and budget hotels in emerging Tier II and Tier III cities, with 54% of hotel signings in smaller cities, could advance the industry by fostering untapped market potential and providing specialized hospitality.
<b>Economic Growth</b>	Economic conditions and a 6-7% annual GDP growth rate have increased consumer spending on travel, leisure, and business activities. The G20 event-driven surge in hospitality has increased business and leisure travel, with the mixed-use hospitality market predicted to reach USD 475.37 billion by 2029.
<b>Government Support</b>	The Indian government's tourism focus, including 100% FDI in building and eco-tourist incentives, is expected to boost hospitality services demand. The growing middle class and leisure travel demand are driving growth. Government programs, visa liberalization, infrastructure development, policies like Swadesh Darshan 2.0, cruise tourist hubs, and infrastructure development are also contributing factors. Infrastructure development and the National Integrated Database of the Hospitality Industry (NIDHI+) are also significant factors.
<b>Infrastructure Development</b>	India's tourism industry is expanding due to improved accessibility, digital payment systems, and online travel aggregators. This has increased demand for hotel rooms and air travel. Government investment in infrastructure, smart city projects, and digital connectivity enhances the industry's potential, with key strategies including infrastructure development and tourism infrastructure.
<b>Increased Investment Activity</b>	India's tourism industry is expanding due to improved accessibility, digital payment systems, and online travel aggregators. This has increased demand for hotel rooms and air travel. Government investment in infrastructure, smart city projects, and digital connectivity enhances the industry's potential, with key strategies including infrastructure development and tourism infrastructure.
<b>Contract Models</b>	89% of the company's revenue comes from management contracts, compared to 8% from franchises and 3% from leases.

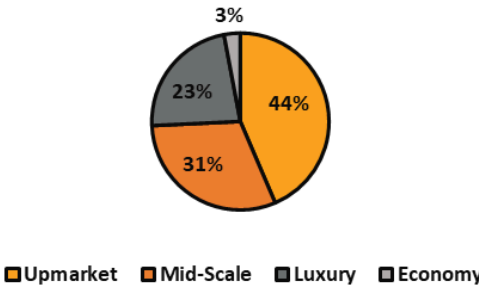
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A record 25,176 hotel keys were signed and 12,647 were opened in 2023, with tier-II cities accounting for 54% of these signings. The industry saw around USD 93 million in investment activity, with listed hotel businesses driving the majority of the deals. With a CAGR of 13.96%, the Indian hospitality industry is projected to increase from USD 247.31 billion in 2024 to USD 475.37 billion by 2029, and a market value of over ₹1.5 trillion in

the future. 83% of the 19,442 keys that were signed in H1 2024 were in Tier II and III cities. With almost 13,700 keys signed in H1 2024 alone, the number of greenfield projects has increased dramatically. The Indian hotel real estate industry is experiencing significant investment, growth, durability and development due to strong domestic demand in major cities like Chennai, Hyderabad, Pune, and Mumbai.

Figure 67: Market Segmentation by Hotel Category in 2024

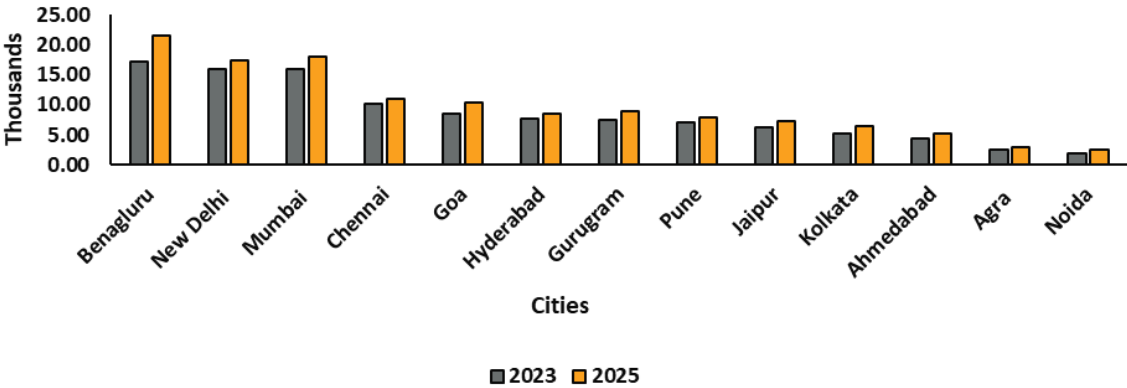


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Between FY23 and FY25, the hospitality sector in key Indian cities experienced significant growth due to urbanization, business travel, and tourism. Bengaluru, India's IT centre, saw the largest increase in rooms. Delhi and Mumbai experienced modest growth, while Goa saw an increase due to increased visitor demand. Mumbai and New Delhi

are experiencing robust urban housing and commercial real estate markets, while cities like Kolkata and Gurugram experienced strong growth in business and recreational activities. Tier-II cities like Jaipur and Ahmedabad saw a surge in affordable luxury lodging. Branded hotel room inventory in key Indian cities shows steady upward trend.

Figure 68: Hospitality Spaces in Major Cities in India



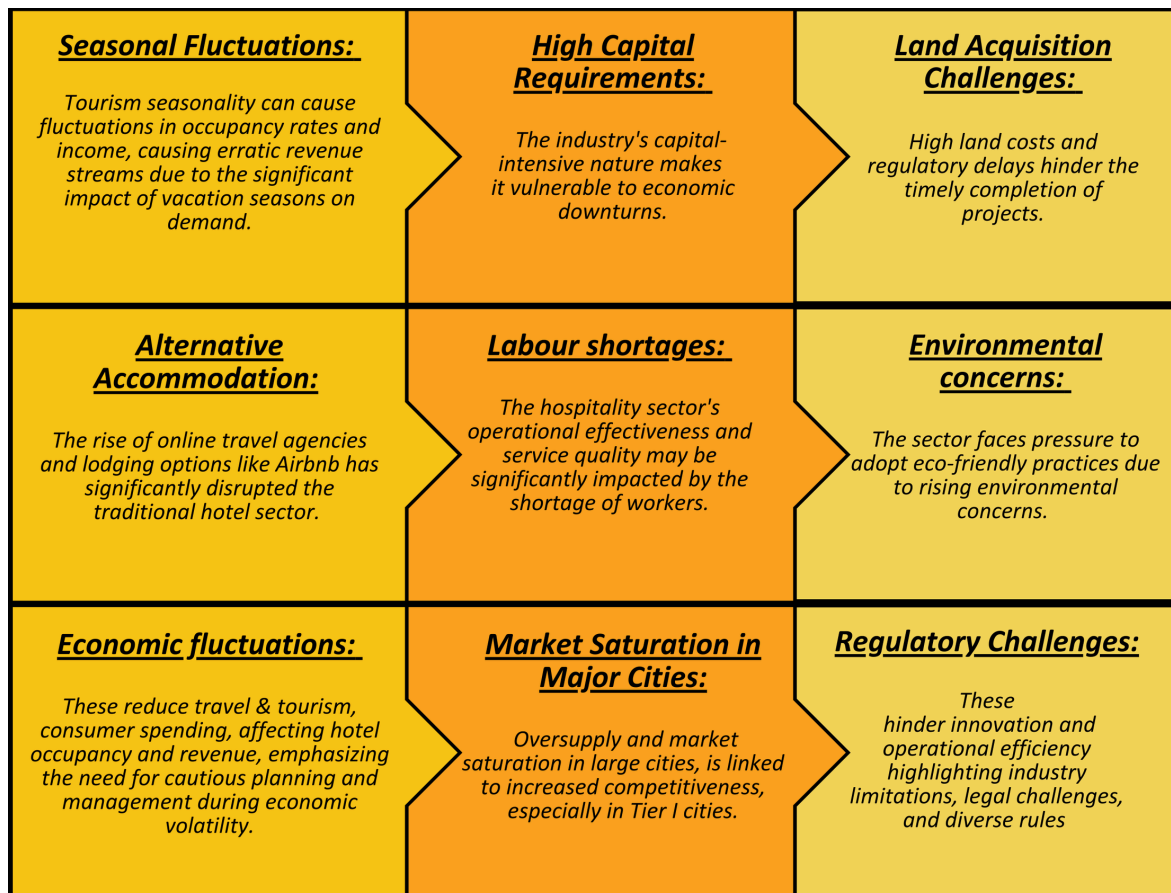
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**Table 14: Segments of Hospitality Real Estate in India**

<b>Hotels and Resorts</b>	<b>Convention Centres</b>	<b>Hospitality Spaces for Business and Leisure</b>
The hospitality industry is diverse, including luxury, midscale, budget, and boutique hotels. In H1 2024, 31% of transaction volume was mid-scale and upmarket, with budget and mid-tier hotels expected to grow 25-30% annually. The hotel segment distribution is upmarket, with 23% in the luxury segment, and 3% in the economy segment. The luxury category is predicted to grow by 15-25%. 60% of the market is unbranded, compared to 40% by the branded segment. With 6,071 new hotel openings, whereas only 17 % are controlled by Tier I cities.	Convention centres enhance MICE (Meetings, Incentives, Conferences, Exhibits) tourism by providing spacious spaces for meetings, exhibits, and events, leveraging technology-enabled infrastructure, and the increasing demand for lodging and related services in major cities.	The hospitality real estate market, including co-living facilities and serviced apartments, is rapidly expanding due to its diverse offerings, enhancing visitor experiences and generating new revenue.

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**Figure 69: Constraints of the Hospitality Segment in Real Estate in India**



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Figure 70: Key Factors to a successful Real Estate Sale

## Brand Repute

Branding is crucial in real estate development, setting properties apart, promoting repeat business, and enhancing relationships. An online brand reputation is vital, with trust, good relationships, outstanding customer service, and word-of-mouth being key foundations.

## Pricing

The Hedonic price valuation model is a real estate strategy that increases the buyer pool by 10% to 15% by pricing properties below market value, allowing for a larger buyer pool of 75% to 90%. It is uncommon to price properties above market value due to its small buyer pool.

## Project Size

Property value is significantly influenced by size, quality, and additional features like garages, outdoor spaces, swimming pools, and bathrooms.

## Amenities

Amenities are essential for both residential and commercial properties, influencing marketing plans and attracting users. Residential developers consider factors like building style, floor area, and bedrooms to gauge consumer interest. Commercial developers also focus on amenities to set their buildings apart. Real estate services require market knowledge, local knowledge, and financial analysis for informed decision-making. Top firms offer buyer and seller representation, property appraisal, listing, marketing, transaction management, photography, staging, virtual tours, and relocation assistance.

## Connectivity

The location of a project significantly influences its performance, including demand, return on investment, and property prices. Strategic locations near local infrastructure, transit options, and desirable amenities are crucial for commercial real estate developments. Gurgaon's DLF Cyber City attracts top talent with easy commutes, while residential real estate connectivity enhances residents' quality of life.

LSI Research Analysis







# 3

## India's Real Estate Scenario through the Econometric Lens



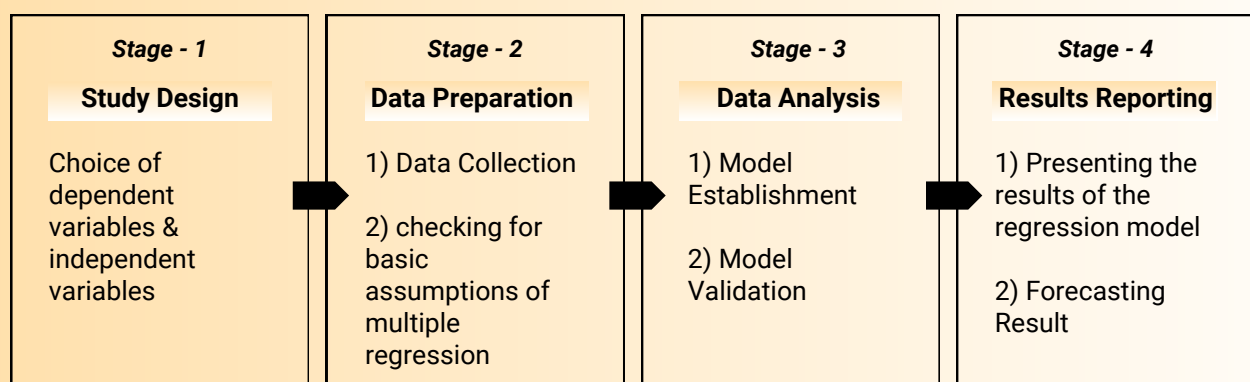


## Research Objective:

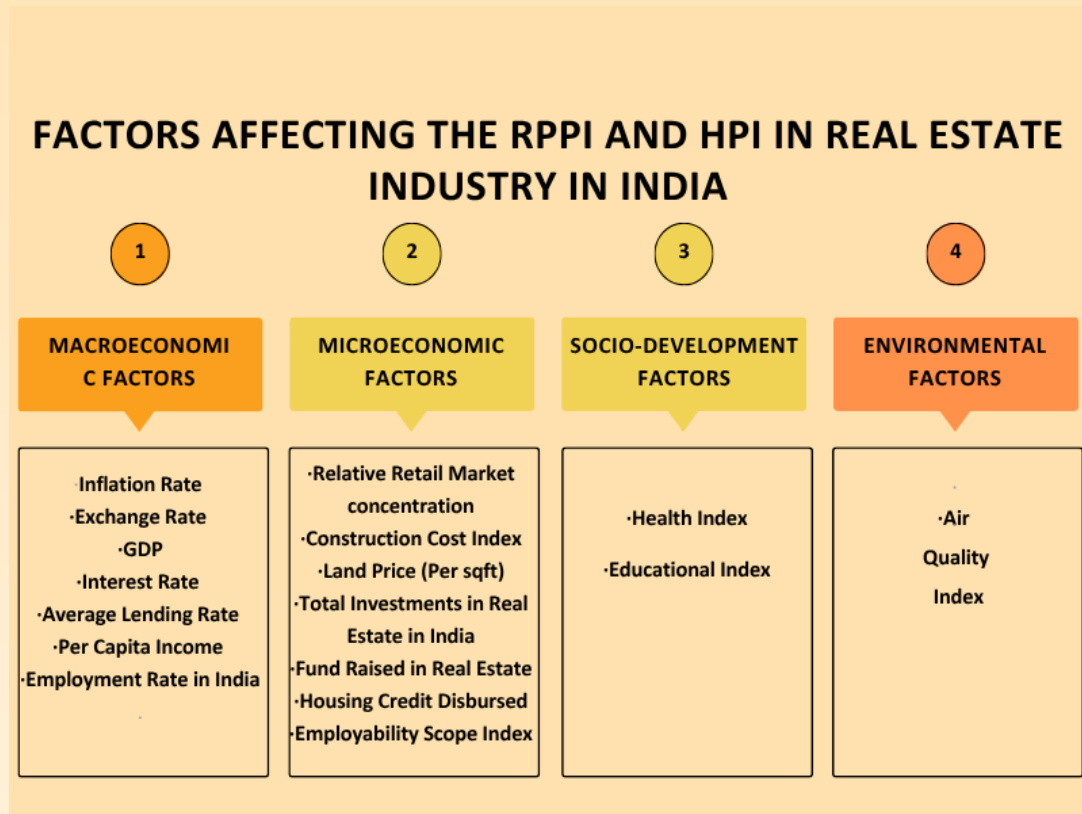
Affordable housing is crucial in India's real estate market for inclusive economic growth, as it helps low and middle-income individuals meet their housing needs and promotes urban development. It lowers poverty, increases living standards, and contributes to social justice, economic expansion, and urban growth. Affordable housing also creates multiplier effects across over 250+ businesses, enhances health and education, lowers social inequality, and promotes financial inclusion through housing financing. Thus, affordable housing is a vital part of India's real estate segment. The trend of big developers focusing on luxury markets due to their larger profit margins is reducing the availability of affordable homes. Government and financial institutions must design targeted subsidies, tax incentives, and credit facilities to promote affordable housing, considering market dynamics like affordability, demand-supply imbalances, regional differences, and fiscal and monetary policies. This can be achieved by researching factors that affect the Residential Property Price Index (RPPI) and Housing Price Index (HPI). Using the Housing Price Index and Real Residential Property Price Index as dependent variables, the study compares and analyses the factors that influence housing prices in India, looking at how they relate to both macroeconomic and microeconomic factors. In addition to pointing out market gaps such as unsold properties and a dearth of middle-segment housing, it emphasizes the need for affordable housing. It seeks to ascertain which factors have the greatest impact on housing prices, comprehend the direction of the links between these variables, and ascertain if

the effects vary. The study aims to provide insights to policymakers, investors, and homeowners about property price variables in India. It emphasizes the importance of thorough research to create policies that support affordable housing, financial inclusion, and economic stability. By examining pricing factors, policymakers can better align their actions to promote India's "Housing for All" goal and sustainable urban growth, ensuring housing accessibility for all income groups and market stability. The study also analysed the HPI of Indian cities using a time-series regression model. The independent variables included land price, construction cost index, consumer price index, per-capita income, new investment-real estate, average lending rate, air quality index, labour employability scope, relative retail market concentration, health index, and educational index. The analysis also included a time series forecasting of the HPI. The statistical test confirmed the presence of autoregressive and moving averages in the series. The time series econometric model, maximum likelihood estimation (ARIMA), was used to forecast changes in housing price indices of different cities in India.

**Note:** Regression analysis includes many techniques for modelling and analysing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed



LSI Research Analysis



LSI Research Analysis

The Research aims to analyse how the real residential property price index and housing price index are influenced by the macroeconomic and microeconomic indicators between 2009 and 2024 using quantitative methods. The macroeconomic factors include interest rate, inflation rate, exchange rate,

GDP, and the housing credit disbursed. The microeconomic factors include total investments which new, total investments completed, total investments dropped, total investments implemented, total investments outstanding fund raised in real estate, and the employment rate.

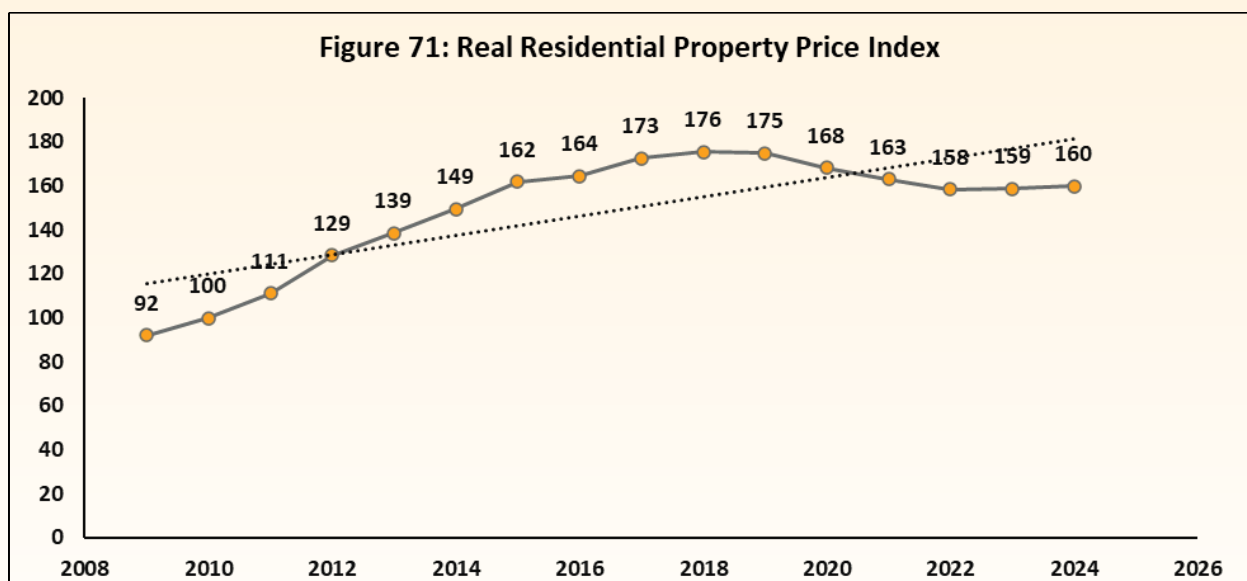


## Objective Indicators:

### Real Residential Property Price Index

Residential Property Price Indices (RPPIs) are index figures that track the rapid changes in prices of residential properties like apartments, detached homes, and terraced houses for families over time, accounting for consumer prices. The RPPI in India has seen a steady rise from 92 in 2009 to 176 in 2018, driven by urbanization, earnings, and housing demand. The market experienced a 6.45% CAGR expansion in 2021. However, by 2022, the index dropped to 158 due to regulatory issues and economic slowdowns. A modest recovery to 159 in 2023, a 9.66% reduction, suggests a stabilizing period as market conditions improve and home demand revives. The RPPI is a key indicator in real estate, indicating housing affordability, investor sentiment, and economic conditions. An increased RPPI indicates growing property values, benefiting investors but making it harder for purchasers. India's real residential property price index has consistently increased

due to urbanization, disposable incomes, economic expansion, and housing demand. The real estate industry is crucial to India's economy, generating jobs and boosting urban growth. Despite recent price drops, the market's long-term outlook remains positive due to demographic shifts and infrastructural improvements. The market experienced a gradual drop between 2018 and 2023 due to macroeconomic factors like COVID-19, regulatory changes, and GST. It is expected to experience long-term expansion. The market is susceptible to external economic factors like monetary policies, infrastructure development, and investment climate, as evidenced by the non-linear growth of the RPPI. Recent market fluctuations suggest a stable market with potential for growth, driven by government housing initiatives, urban infrastructure development, and evolving consumer preferences for high-quality, affordable, and investment-worthy residential real estate.

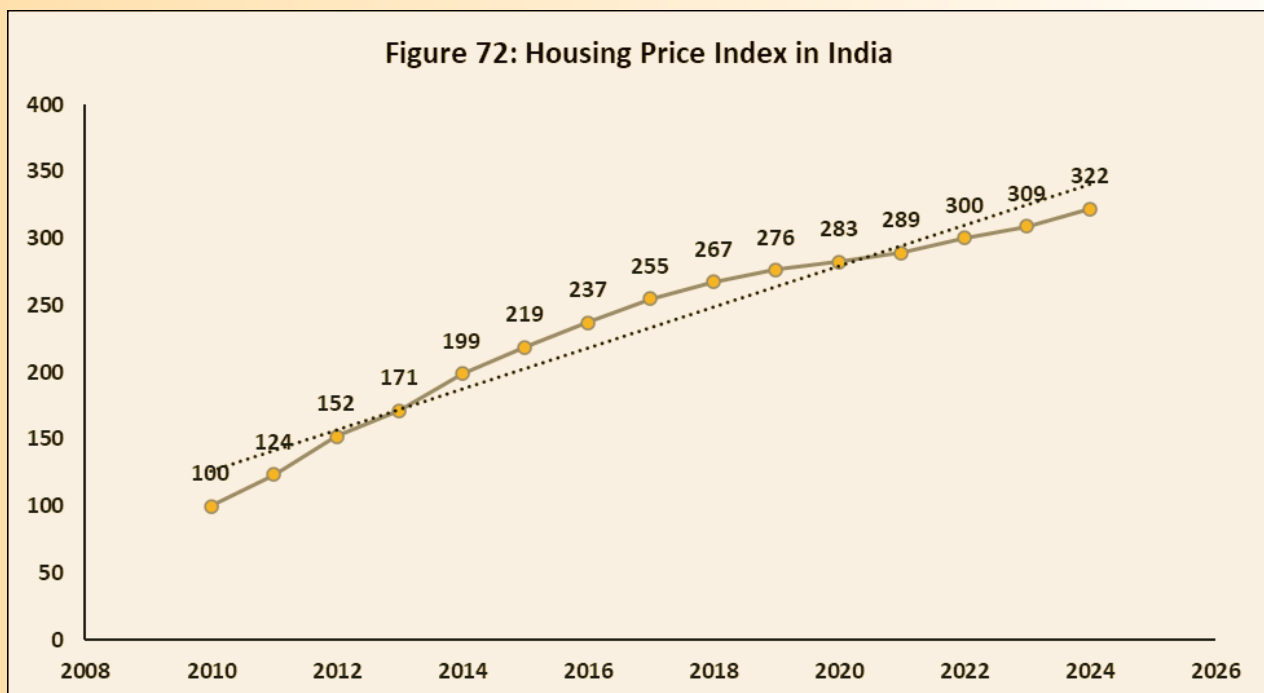


Source: LSI Research Analysis based on data from FRED

## •Housing Price Index

The Housing Price Index (HPI) is a tool in India that monitors residential housing prices and quantities. It measures average price changes in repeat sales or refinances on the same properties and is released monthly and quarterly, initially launched by the National Housing Bank. The HPI has seen a steady increase over the past 12 years, rising from 100 in 2010 to 300 in 2022. This rise, which averages 10.3% annually, is attributed to population expansion, urbanization, and growing family incomes. The greatest growth occurred between 2010 and 2014, rising from 100 to 199, indicating robust economic development and easy financing access. However, growth slowed after 2015, with yearly gains averaging 5% to 7%, indicating price adjustments and market stabilization. The HPI grew more slowly between 2019 and 2022, from 276 to 300, influenced by factors like affordability, COVID-19 disruptions, and economic uncertainty. India's real estate industry is experiencing a steady rise in the

Home Price Index (HPI), driven by factors like urbanization, population growth, and economic expansion. This makes real estate a desirable investment choice but raises affordability concerns, especially for low-income individuals and first-time homebuyers. The HPI is crucial for evaluating affordability, investment sentiment, and the health of the real estate market, benefiting developers and investors by increasing property values. The HPI is a key determinant of Indian real estate and housing market, impacting government policies, investment decisions, and property values, posing challenges for middle-class individuals but also benefiting developers and investors. The housing market has experienced three stages of expansion: stable appreciation (2020-2022), moderate growth (2016-2019), and early fast growth (2010-2015), demonstrating resilience and investor confidence, and adapting to economic cycles, including global pandemic challenges. The market has a steady upward trend.



Source: LSI Research Analysis based on data from FRED

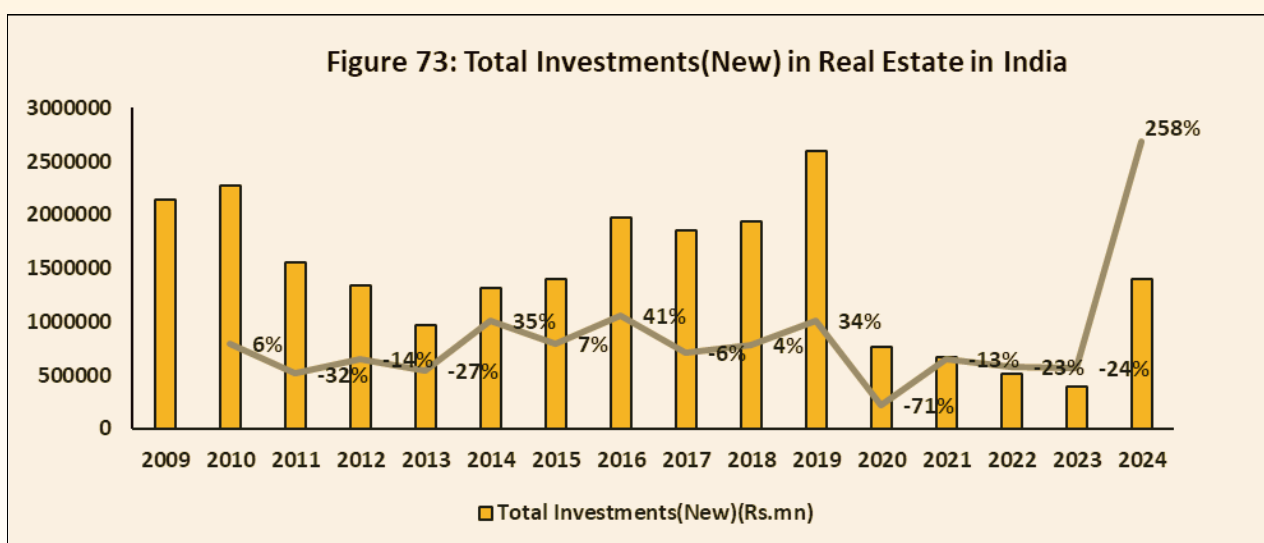


## Influencing Factors :

### ·Total Investments (New) in Real Estate in India

The Indian real estate market experienced a significant decline between 2009 and 2023, primarily due to changing market conditions, legislative changes, and economic changes. The market reached its peak in 2010, but then fell significantly, with investments dropping to Rs. 972,218 million in 2013. Government initiatives like RERA, Housing for All, and increased FDI inflows led to a slight resurgence in investments after 2014. By 2019, investments increased to Rs. 2,597,041 million, driven by urbanization and infrastructure development. The COVID-19 pandemic caused a sharp decline in investment, with total new investments falling to Rs. 390,268 million in 2023, an 84.96% decrease from the 2019 peak. India's real estate market is experiencing a non-linear trend, with investors addressing financing shortages, relaxing regulations, and promoting greenfield projects to restore investor trust and foster long-term growth. The industry's development, job creation, and economic growth depend on total real estate investments, which affect investor confidence,

supply, affordability, and pricing patterns. The industry is vulnerable to governmental changes and economic downturns, leading to significant declines in investment since 2020. Despite these oscillations, the real estate industry remains crucial to India's economic structure, contributing significantly to GDP and jobs. Developers and investors are shifting their approaches to prioritize high-quality projects, better governance, and better risk management in response to changing market conditions. The government's focus on infrastructure development and affordable housing is attracting international and domestic capital, indicating a promising long-term future with high investment volatility and modest prediction confidence. Since 2011, new investments have fallen by over 70% from 2019 forward, influenced by interest rates, market volatility, economic growth, and other variables. Real estate investment activity surged before 2012, likely due to economic growth and lower interest rates.



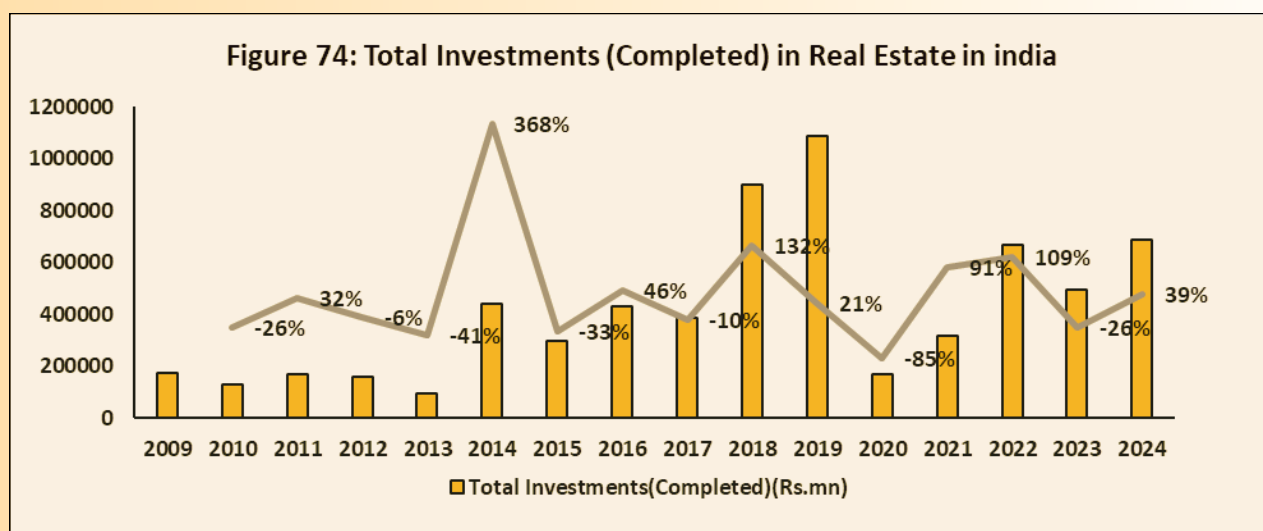
Source: LSI Research Analysis based on data from FRED

## •Total Investments (Completed) in Real Estate in India

India's real estate investments from 2009 to 2023 have shown high volatility due to market dynamics, policy changes, and economic cycles. Starting at Rs. 173,958 million in 2009

and declining by 26% in 2010, the sector experienced sporadic expansion and contraction, with a notable 41% decline in 2013 due to investor caution and an economic slump. However, a surge in investments in 2014, reaching Rs. 439,057 million was attributed to delayed projects, investor confidence, and policy optimism. Later years, like 2015 and 2017, saw corrections due to unsold inventory and liquidity issues. The sector's growth was fuelled by urbanization, infrastructural improvements, and government-sponsored programs like RERA and Affordable Housing Schemes, growth to Rs. 900,700 million by 2018. However, the 2020 COVID-19 pandemic led to an 85% decline due to building delays, lack of workers, and financial strain. Post-pandemic rebounded in 2021 and 2022, with growth rates of 91% and 109%, respectively. However, 2023 saw a 26% drop, indicating cautious investor attitudes due to growing building costs and macroeconomic concerns. India's housing

industry relies heavily on real estate investments to expand supply, stabilize prices, and improve infrastructure, boosting GDP growth, job creation, and investor confidence. Despite recent downturns, the industry's contribution to India's GDP and job creation remains significant. Despite persistent problems like market corrections and regulatory barriers, capital flows into residential projects due to favourable regulations and growing demand for housing. The trajectory of completed investments from 2009-2023 demonstrates durability, strategic change, and volatility. The industry is moving towards investment models prioritizing quality, governance, and risk management, which are more open, effective, and resilient. This dynamism demonstrates the industry's ability to quickly adjust to changing macroeconomic conditions. The sector's resilience and long-term development potential are evident in recent years, with an average annual increase of almost 43%. The volatility indicates susceptibility to policy changes, economic cycles, and the complex interaction of transformational variables like technology changes, regulatory reforms, and epidemic-induced economic recalibration.

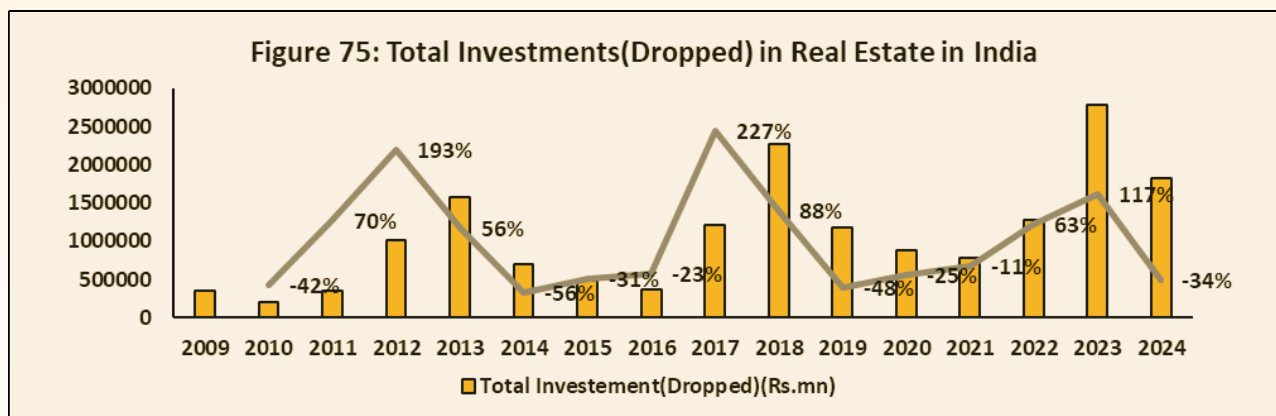


Source: LSI Research Analysis based on data from FRED

## •Total Investments (Dropped) in Real Estate in India

From 2009 to 2023, India's real estate investment landscape experienced significant fluctuations due to market challenges, policy uncertainty, and economic cycles. Investments began at Rs. 351,866 million in 2009, but fell by 42% due to investor caution and the global financial crisis. In 2011, a 70% increase to Rs. 345,327 million was seen, followed by a 193% increase in 2012 (to Rs. 1,012,294 million) and a 56% increase in 2013 (to Rs. 1,575,408 million). The real estate market saw a sharp decline in 2014, 2015, and 2016 due to oversupply and weak demand. A 227% rise in 2017 (Rs. 1,207,009 million) was attributed to the introduction of the RERA, forcing developers to abandon unprofitable projects to comply with regulations and be more transparent. In 2018, the real estate market peaked at Rs. 2,264,381 million, indicating a re-evaluation. However, the post-pandemic recovery was sluggish, and in 2021, falling investments decreased slightly. Dropped investments increased by 63% to Rs. 1,283,465 million by 2022, suggesting a re-evaluation. The largest increase was in 2023, when cancelled investments reached Rs. 2,781,048 million (+117%), reflecting growing project risks, delayed clearances, and macroeconomic uncertainty. India's housing and real estate industry is facing challenges due to high rates

of abandoned projects, causing supply chains to break, infrastructure development to stop, and investor confidence to decline. Structural inefficiencies, such as finance deficits, demand uncertainty, and delayed approvals, are causing this trend. To reduce project cancellations, increase investor trust, and align real estate developments with India's urbanization and economic development objectives, strategic interventions are needed. The real estate market is cyclical, with periods of heavy investment followed by corrections, as seen in the pandemic's steep decline in investments. To mitigate risks, businesses must focus on better project feasibility evaluations, efficient finance, and strict adherence to policies. Between 2009-2023, a significant amount of money was invested in abandoned projects, indicating the industry's sensitivity to market and economic developments. Recent years have seen strong recovery and growth. The total amount of lost investment is around 11,467,052 million rupees, with notable annual fluctuations ranging from a 227% increase in 2017 to a significant 56% decrease in 2014. The real estate investment ecosystem has experienced an average annual growth rate of 51%, with a peak in decreased investments reaching 2,781,048 million rupees in 2023 and a high of 2,264,381 million rupees in 2018.

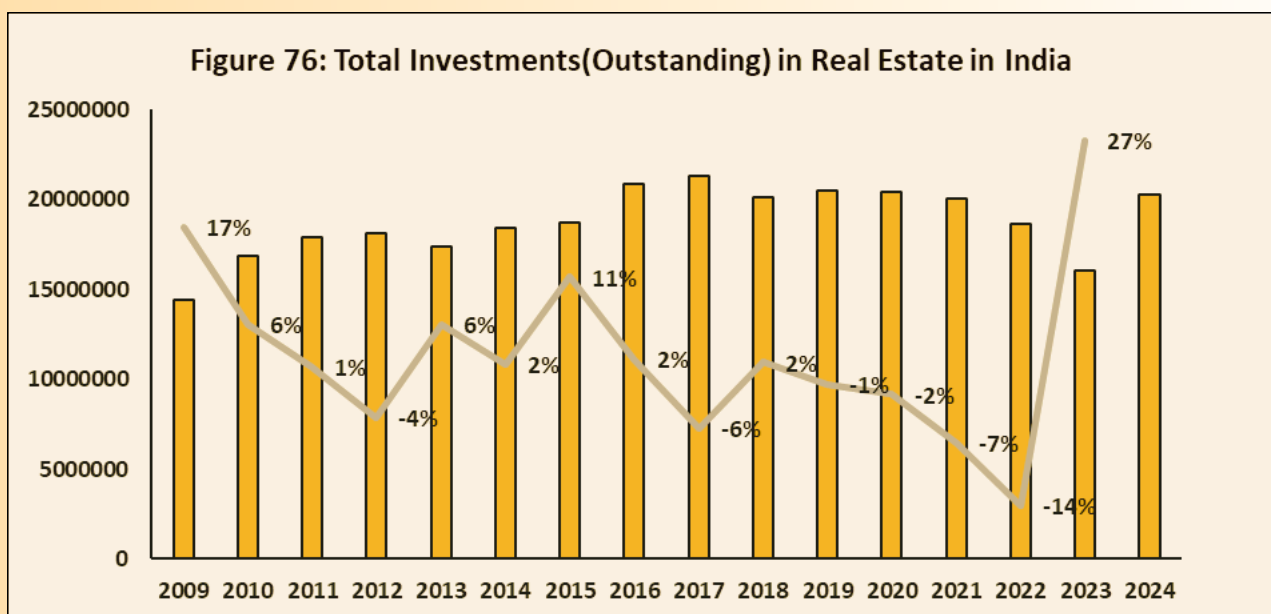


Source: LSI Research Analysis based on data from FRED

## Total Investments (Outstanding) in Real Estate in India

India's outstanding real estate investments from 2009 to 2023 have been influenced by external shocks, market cycles, and economic policies. The industry experienced significant growth from 2009 to 2017, with a peak of Rs. 21,311,065 million in 2017. However, the COVID-19 pandemic, regulatory disruptions, liquidity issues, and economic slowdowns led to a steady decrease in 2023, reaching Rs. 16,029,396 million. The real estate industry faced structural issues after 2017, such as increased unsold inventory, over-leveraging, and a decline in investor confidence. A CAGR study showed positive growth from 2009 to 2017 but a compound fall from 2018 to 2023. The real estate market in India has experienced a decline due to policy changes, stalled projects, increased cancellations, and limited finance availability. This has led to structural imbalances, fewer home completions, affordability issues, and limited urban infrastructure development. Despite this, the industry remains crucial to India's economy, contributing significantly to GDP and jobs. Urbanization and government programs

continue to fuel demand for homes, suggesting a renewed interest in residential real estate. However, the drop in outstanding investments suggests a need for reform in the real estate ecosystem. Policy changes like demonetization, GST, and liquidity constraints caused drop in residential real estate, but current patterns suggest renewed interest, indicating long-term growth and recovery prospects. From 2021 to 2022, the largest decline was observed, with outstanding investments dropping from Rs 20,061,741 million to Rs 18,646,186 million. Investors are cautiously adjusting to market uncertainty in the Indian real estate market, which has experienced significant expansion, stagnation, and a recent decline. From 2009 to 2017, the industry grew steadily, plateaued from 2018 to 2020, and declined by 20.39% from 2021 to 2023. The precipitous 14.04% decline in 2023 may indicate a significant turning point due to changing market conditions, investors' risk appetites, and the demand for flexible investment methods in an increasingly unstable real estate market.



Source: LSI Research Analysis based on data from FRED

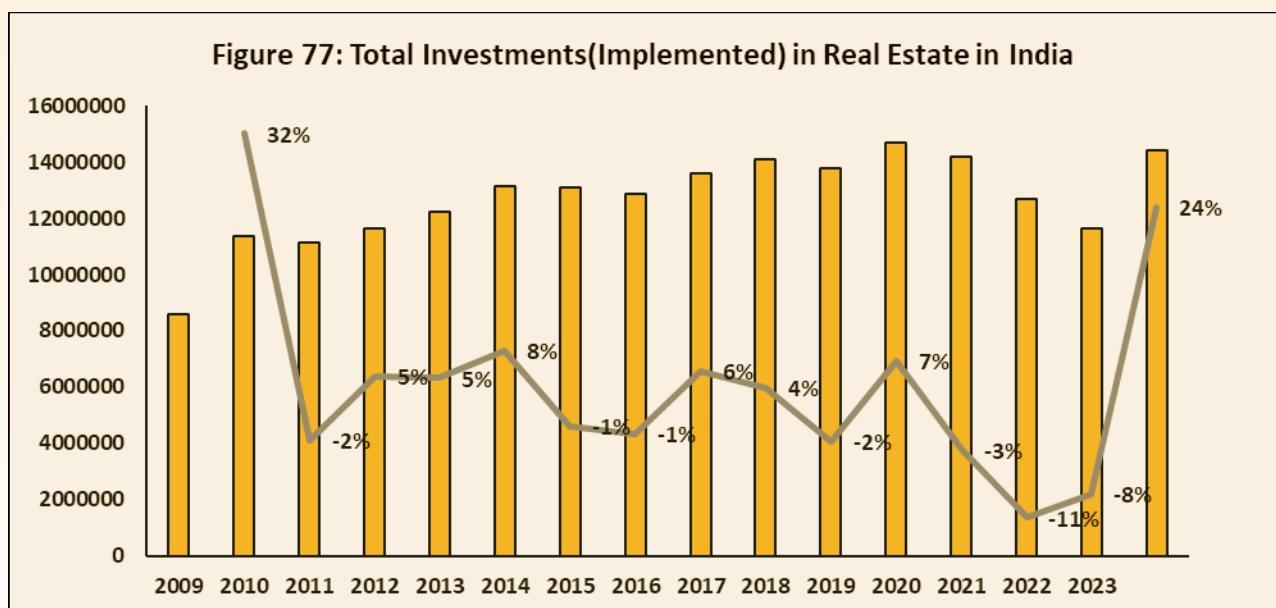


## •Total Investments (Implemented) in Real Estate in India

India's real estate investments from 2009 to 2023 showed a cyclical pattern, driven by economic cycles, project completion rates, and regulatory changes. Investment levels increased significantly, reaching a peak of Rs. 14,675,087 million in 2020. However, after 2020, investments fell to Rs. 11,639,351 million, indicating challenges in project implementation. The rise was driven by urbanization, housing demand, and government changes, such as infrastructure development and subsidies for affordable housing. The fall after 2020 was due to COVID-19's economic impact, financial limitations, and project delays. Weak investor confidence, tighter financial conditions, and macroeconomic concerns contributed to the fall in 2022 and 2023. The Indian real estate market experienced a positive CAGR from 2009 to 2020, but began to decline from 2021 to 2023 due to a surge in investments until 2020. The Indian real estate market is expected to experience growth due to urbanization's need for housing and infrastructure. However, reduced implementation has worsened affordability issues, increased project delays

and limited home availability. To boost implementation rates, developers should focus on eliminating delays, accelerating regulatory approvals, and diversifying financing sources. Government actions, such as expediting approvals and providing incentives for on-time completions, are essential. The investment landscape has experienced growth periods, with regulatory actions like RERA, GST, and demonetization promoting transparency, curbing speculative investment, and a more methodical approach to project execution. The 8% 2023 decline in affordable housing and urban infrastructure underscores the need for stable policies, robust financial systems, and innovative solutions like project management and green finance, marking a turning point.

The investment pattern consists of three stages: 2009-2014 for early expansion, 2015-2019 for stability, and 2020-2024 for a current decrease. Recent years have seen a structural recalibration in the real estate investment environment due to changes in investor attitudes, technology advancements, regulatory reforms, and macroeconomic challenges.

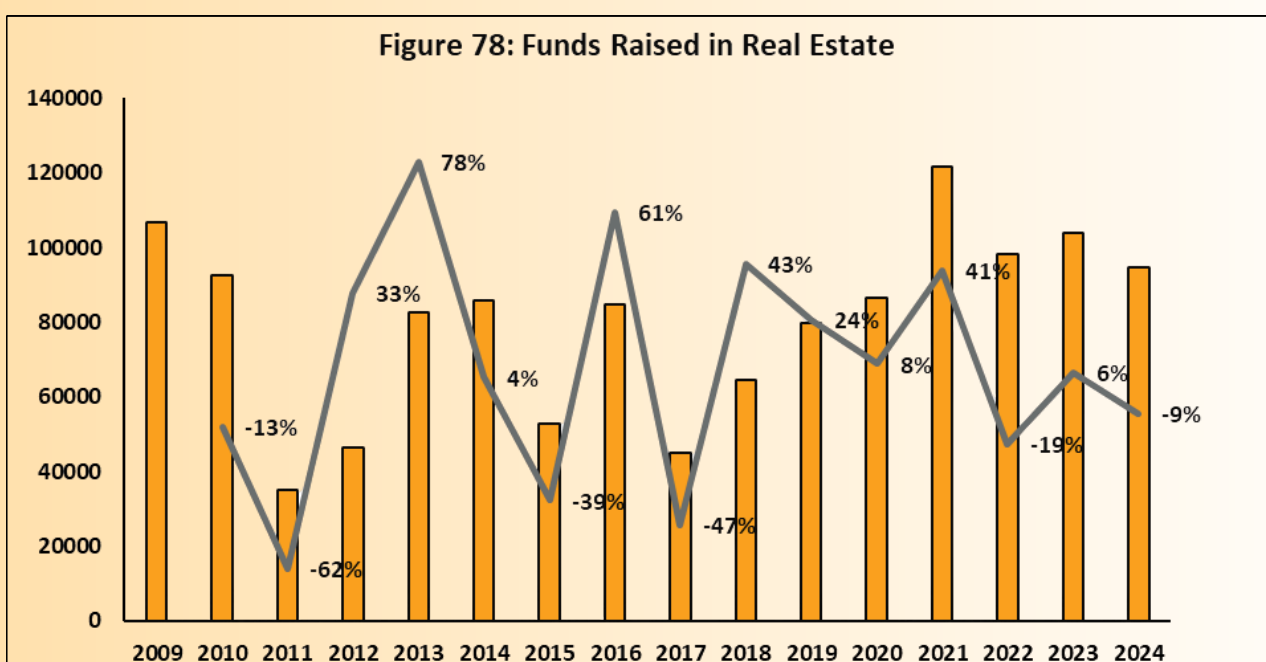


Source: LSI Research Analysis based on data from FRED

## •Fund Raised in Real Estate

The Indian real estate industry experienced significant fundraising fluctuations between 2009 and 2023 due to external shocks, financial market movements, and economic conditions. The industry experienced a 62% decrease in 2011, followed by a significant recovery in 2013, with donations raising 78% to Rs. 82,723 million. However, significant drops occurred in 2015(-39%) and 2017(-47%), indicating market corrections, project delays, and capital restrictions. The COVID-19 crisis and increased investor confidence led to a 41% year-over-year rise in funds raised by 2021, with a peak of Rs. 121,634 million. However, this progress halted in 2022, falling 19% to Rs. 98,296 million, indicating cautious investor sentiment amid global economic uncertainty. In 2023, there was a slight rebound, with a 6% rise, indicating stabilization in fundraising efforts. The real estate and housing industries in India are vital for infrastructure development, housing supply, and project execution. However, inadequate finance can lead to delays, housing affordability declines

and project failures. Innovative financing methods like FDI, green financing, and Real REITs can help meet India's growing housing needs. The sector's vulnerability to market changes, investor sentiment, and regulations is a significant driver of economic growth. Government efforts have spurred investment in the affordable housing industry, with long-term prospects promising due to structural changes and growing consumer demand. The complex market system prioritizes high-quality initiatives, sustainable development models, and improved governance frameworks. The Indian real estate market offers a vibrant investment environment, but investors must understand its volatility and conduct thorough research. The 2021 recovery of the sector demonstrates its resilience, but the 2022 growth deceleration and cautious expansion underscore the need for innovative financing methods like blended finance, green bonds, and REITs, and the industry's vulnerability to macroeconomic shifts and market sentiment

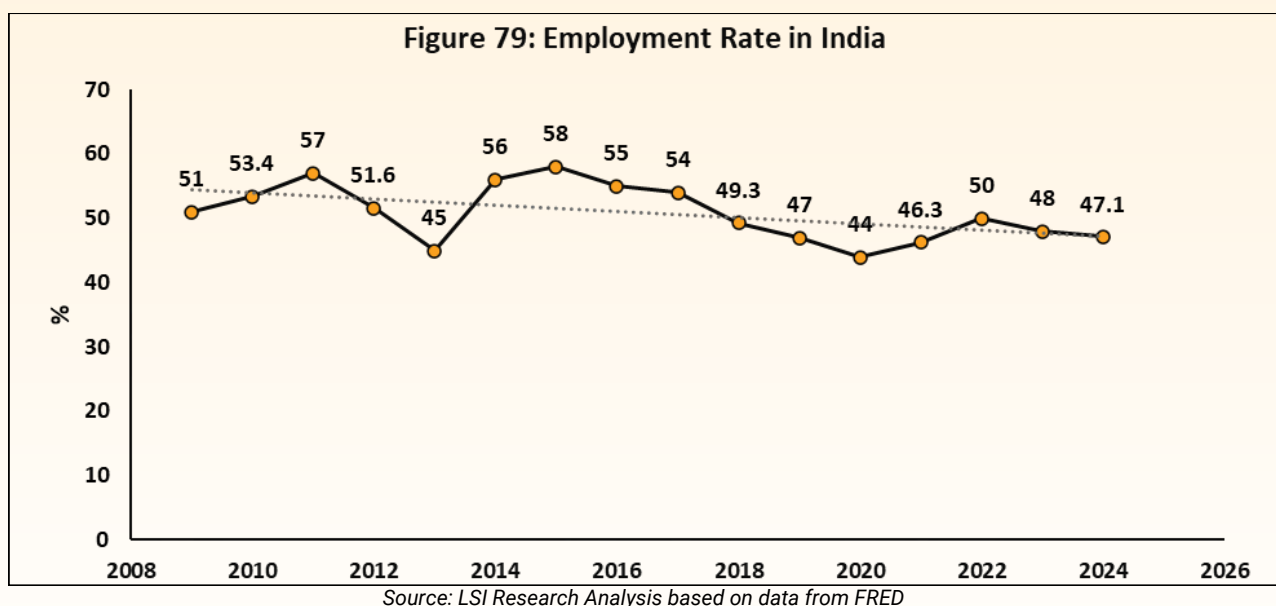


Source: LSI Research Analysis based on data from FRED

## •Employment Rate in India

India's employment rate has fluctuated significantly from 2009 to 2023, influenced by various factors such as economic cycles, structural changes, and shocks. The initial trend began in 2009 at 51% and peaked in 2011 at 57%, driven by increased jobs in the industrial and service sectors and the 2008 global financial crisis. However, the rate fell to 51.6% in 2012 and 45% in 2013, primarily due to economic slowdowns and stagnation in labour-intensive industries. The employment rate rose to 58% in 2015, thanks to initiatives like Make in India, increased investment, and urbanization. After 2018, the rate dropped to 49.3% in 2018 and 47% in 2019, largely due to issues like demonetization, GST adoption, and international commerce uncertainty. The COVID-19 pandemic caused a significant economic disruption, causing the employment rate to fall to 44% in 2020. Post-pandemic economic activity returned in 2021 and 2022, but in 2023, it fell further to 48% due to structural problems such as a lack of skills, slower job creation compared to labour supply, and low private investment in labour-intensive industries. India's employment

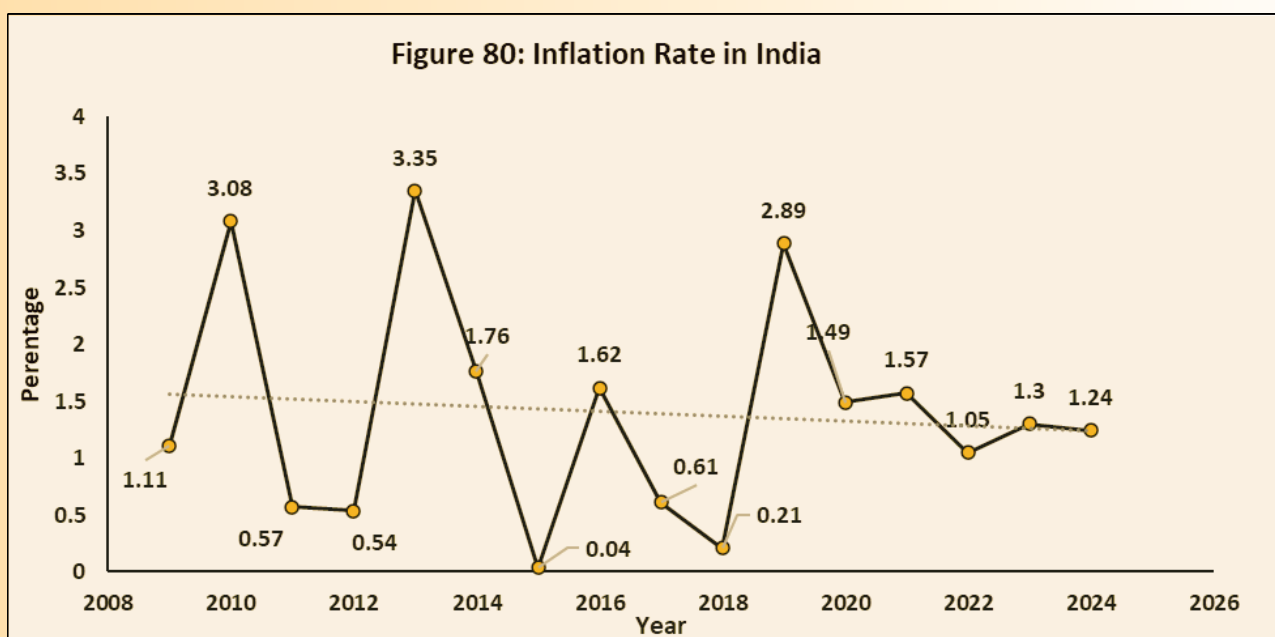
ecosystem is influenced by sectoral changes, global economic cycles, technology advancements, and macroeconomic policies. The construction industry is a key employer in India's real estate and housing sector, with rising employment rates driving market growth. However, changes in employment directly impact housing demand, project execution, and economic stability. To maintain employment levels and promote growth, infrastructure initiatives, skill development, and policy assistance are needed. The labour market's dynamic nature reflects India's employment rate swings, with higher employment rates boosting disposable income and home demand, while high unemployment can negatively impact the housing market. The real estate sector adapts through skill development, technological innovation, and strategic human capital management. India's real estate industry significantly impacts economic growth and urbanization, with a strong economy boosting employment and home demand, while high unemployment can negatively impact the economy housing market.



## •Inflation Rates:

India's inflation rate has fluctuated significantly from 2009 to 2023, influenced by factors such as local policy, international price movements, and economic conditions. The rate rose from 1.11% in 2009 to 3.08% in 2010, then fell to its lowest points in 2011(0.57%) and 2012(0.54%) due to monetary tightening policies and global oil price declines. However, it increased again to 3.35% in 2013 due to food supply delays and increased input costs. From 2014 to 2017, inflation rates remained modest at 1.6%, thanks to better supply networks and effective control of food prices. In 2019, inflation spiked to 2.89% due to increased food prices, currency fluctuations, and international trade conflicts. India's real estate and housing market is significantly influenced by inflation, with steady prices and affordable building supplies benefiting buyers and developers. However, increased inflation can lead to higher

expenses for developers, raising real estate values and making homes less accessible. The Reserve Bank of India (RBI) regulates price levels and housing loan affordability to maintain consumer confidence and financial sustainability. India's inflation rate has varied over time, reflecting economic shifts and the housing and real estate industries. Higher inflation may increase demand for real estate as a hedge against price increases, while low inflation may stifle investor confidence and reduce house demand. To ensure economic stability and growth, the RBI must make careful monetary policy adjustments. The RBI's monetary policies are effective, but external factors like supply chain issues and global commodity prices cause volatility, demonstrating India's economic response and advanced monetary policy tools.



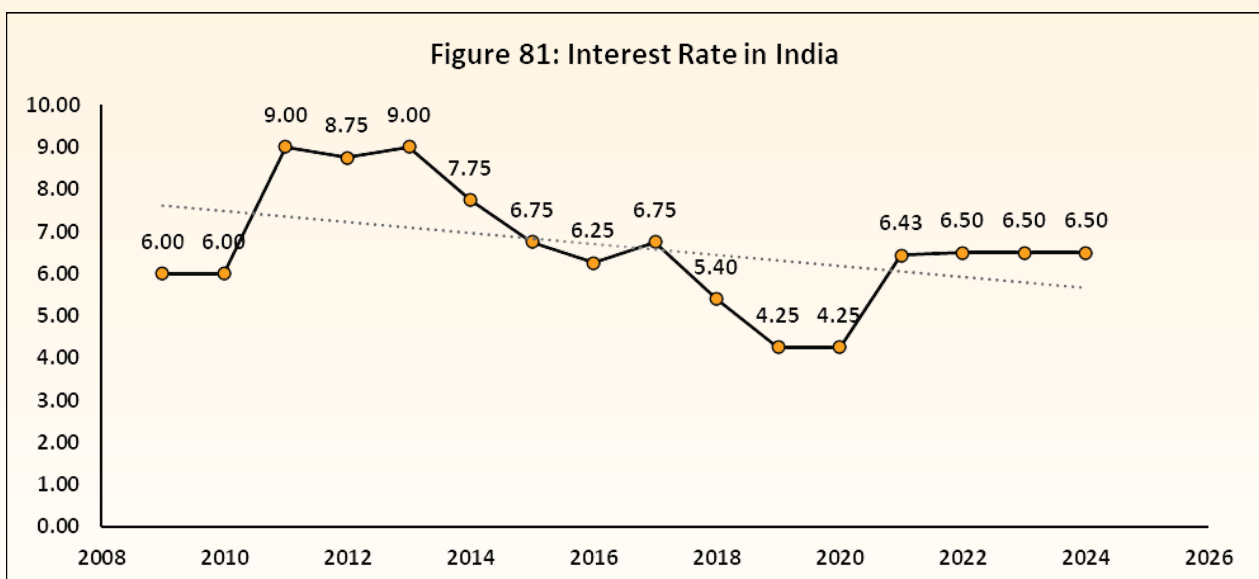
Source: LSI Research Analysis based on data from Statista



## Interest Rate in India

From 2009 to 2023, India's interest rate patterns have undergone significant changes due to monetary policy changes, inflationary financial crisis, but they decreased to 7.75% by 2014 due to slowing economic growth and waning inflationary trends. In 2015 and 2016, the RBI reduced rates to 6.75% and 6.25% to encourage investment and growth. The lowest rate was 5.40% in 2018, consistent with accommodating monetary policy. However, when the RBI implemented strong monetary easing in response to economic slowdowns and the COVID-19 epidemic, interest rates dropped to 4.25% in 2019 and 2020. Interest rates rose to 6.43% in 2021 as the economy recovered, and levelled out at 6.50% in 2022 and 2023 to conform to global monetary tightening and inflation-targeting frameworks. Interest rates in India significantly impact the housing and real estate industry, affecting borrowing costs and loan affordability. Higher rates may discourage homebuyers, while lower rates increase mortgage affordability and housing demand. Interest rates have been rather steady in recent years, rising gradually to 6.50% in 2022 and 2023. Stable interest rates are crucial for the real estate and housing industries as they directly impact the cost of borrowing for developers and purchasers. Higher interest rates can reduce demand by raising borrowing costs and buying real estate. Reduced interest rates make it easier for homeowners to finance their houses, boosting

pressures, and economic expansion. The Reserve Bank of India (RBI) raised interest rates to stabilize the economy after the 2008 sales, especially in the affordable housing market. The Reserve Bank of India's choice to keep the repo rate constant at 6.5% encourages investor and consumer confidence, which is crucial for maintaining real estate sector growth and promoting economic stability in general. Interest rates significantly impact the Indian real estate market, influencing house demand and development speed. Reduced rates boost housing demand by lowering borrowing costs, promoting real estate purchases. Interest rate fluctuations affect borrowing costs, investments, and consumption. The Reserve Bank of India (RBI) balances growth and price stability, implementing a flexible monetary policy framework to navigate economic issues and promote growth. India's interest rate environment from 2009 to 2023 demonstrates a complex story of monetary policy, economic resilience, and prudent financial management. The data shows three separate economic periods: a steady beginning period of 6% from 2009 to 2010, a peak cycle from 2011 to 2013, and a gradual deceleration and adaptive approach starting in 2014. Central banking strategies can adapt to evolving economic conditions, offering valuable insights into India's sophisticated economic governance.

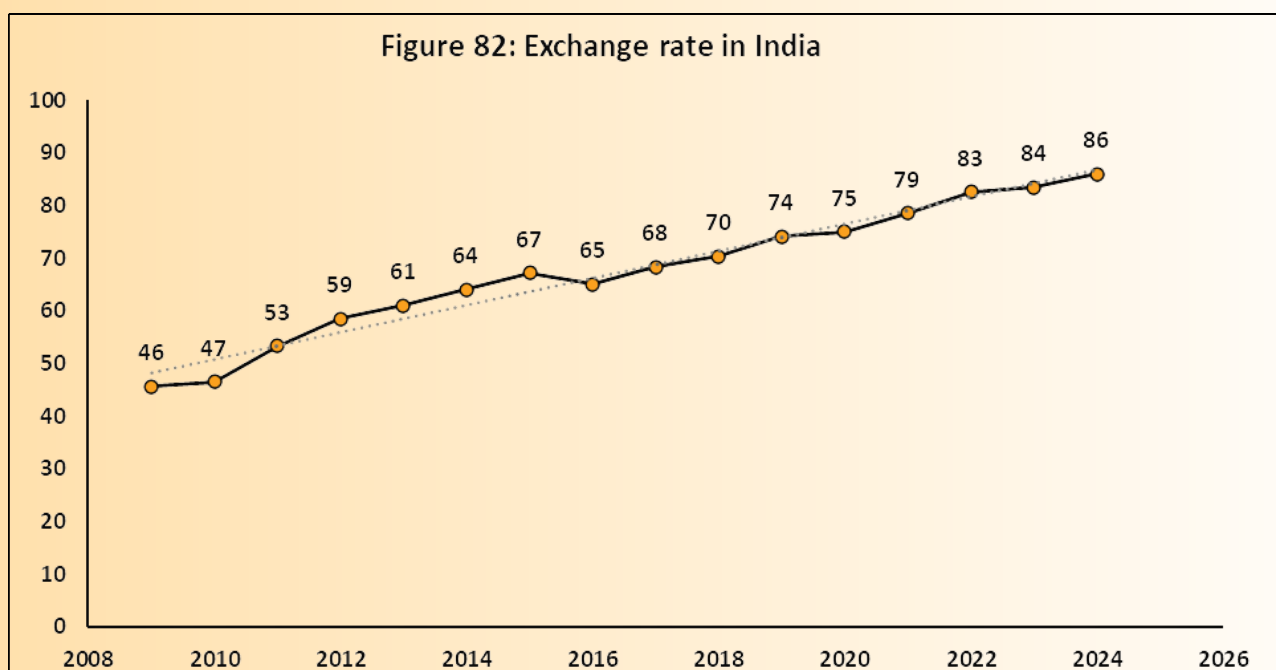


Source: LSI Research analysis based on data from Statista

## Exchange Rate:

The Indian rupee's value has steadily declined in relation to the US dollar from 2009 to 2023, influenced by internal and international macroeconomic factors. The decline began at ₹46 to the US dollar in 2009 and continued until reaching ₹53 in 2011 and ₹61 by 2013. The currency rate fluctuated between ₹64 and ₹65 between 2014 and 2016, influenced by structural issues with trade imbalances and increased investor confidence. The COVID-19 pandemic led to economic disruptions, rising demand for the dollar, and fluctuations in oil prices, leading to a depreciation from 2017 onwards. The average exchange rate for this time frame is 67.33, indicating significant fluctuations. The depreciation of the Indian Rupee (INR) and the US Dollar (USD) has significantly impacted India's real estate and housing sector. A weaker rupee can make foreign investments more expensive, reducing the influx of capital into the sector, which has been a key driver of commercial and luxury housing development. Conversely, a stronger

rupee can lower the cost of imported goods and make housing projects more affordable. Fluctuations in the INR-USD exchange rate are crucial in shaping housing affordability and investment trends in India's real estate market. Maintaining a stable exchange rate is essential for fostering growth in the real estate sector. The depreciating Rupee could boost Indian real estate's appeal to foreign investors, increasing demand for housing in prime locations and urban areas, necessitating policymakers to enhance foreign exchange reserves and address trade imbalances. Exchange prices increased from ₹75 to ₹84 after 2020, indicating India's ability to withstand international shocks like the COVID-19 pandemic. The Reserve Bank of India's monetary policies significantly influence the nation's financial ecosystem, regulating currency rates, capital flows, and investor confidence, influenced by domestic policy frameworks and international economic exchanges.

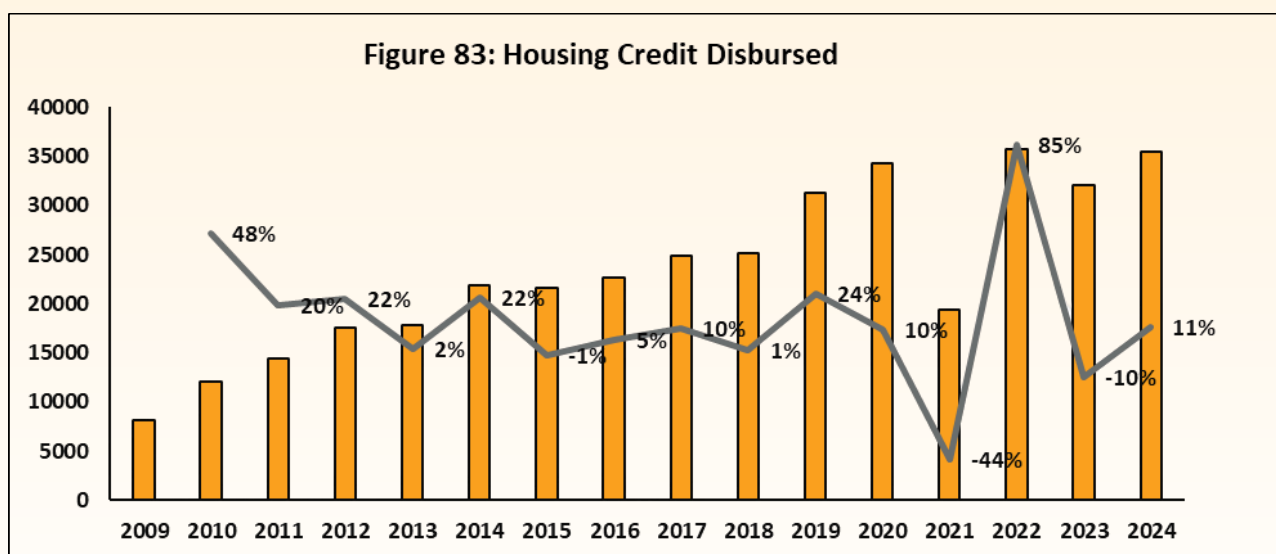


Source: LSI Research Analysis based on data from Statista

## Housing Credit Disbursed

From 2009 to 2023, India's housing credit disbursements showed significant oscillations due to consumer demand, policy interventions, and economic cycles. The sector experienced a rapid growth of 48% in 2010 to ₹12,035 crore, indicating a post-recession rebound and a resurgence in housing demand. However, the economic slump and stricter credit restrictions caused growth to stall between 2013 and 2015. Low interest rates, government programs like PMAY, and increased credit intake propelled the sector's slow recovery, with 10% growth in 2017 and a peak of ₹31,258 crore in 2019. The COVID-19 pandemic saw 10% growth in 2020, demonstrating resilience brought on by pent-up demand. However, 2021 saw a steep 44% fall to ₹19,313 crore due to the severe economic impact and insufficient loan activity. With the help of regulatory changes, reduced borrowing rates, and increased affordability, the industry recovered by 2022, growing 85% to ₹35,701 crore. However, 2023 saw a 10% drop to ₹32,085 crore, indicating cautious borrowing in the face of tighter monetary policy and inflationary pressures. India's home credit disbursement environment between 2009 and 2023 exhibits resilience, economic

dynamism, and structural change. The data demonstrates considerable complexity and unpredictability, with a cumulative increase of 295.7% with discrete expansion, recession, and recovery stages. The track shows a 48% rise in 2010, a 44% decline in 2021, and an 85% recovery in 2022, demonstrating the sector's tenacity and flexibility. The recovery of home credit disbursements in India is crucial for the industry's development, as it influences buyer mood, market dynamics, and the growth of the country's housing infrastructure. Growing housing credit increases homeownership and financial capacity, making house ownership more accessible to a larger population, especially first-time purchasers and those seeking reasonably priced property. Developers benefit from home finance, which boosts market activity. Sustained expansion in housing credit is essential for satisfying rising demand for residential properties in both urban and rural regions, as government programs aim to provide affordable homes. The democratization of housing finance, increased credit availability, and its role in social mobility, urban development, and economic empowerment are key factors in the Indian context.

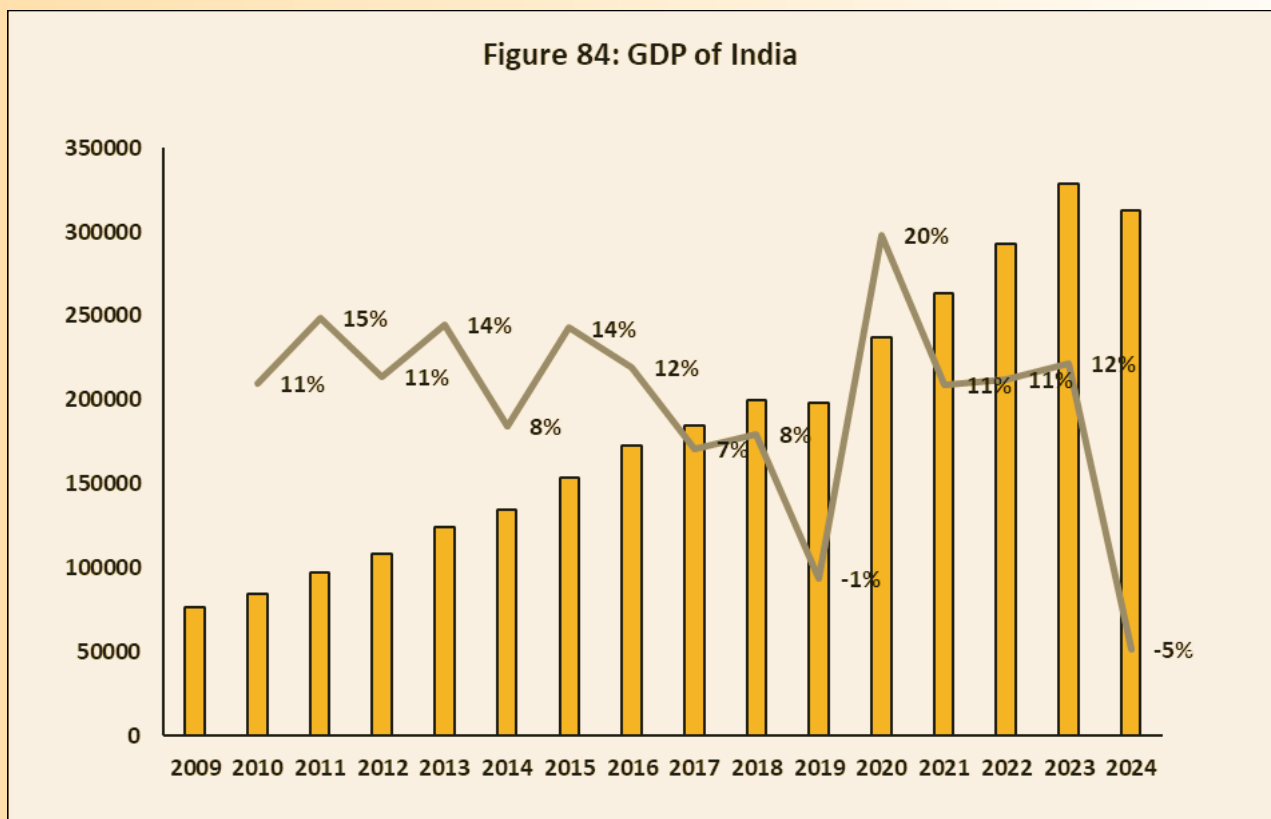


Source: LSI Research Analysis based on data from Statista

## •GDP

Between 2009 and 2023, India's GDP showed a robust upward trend, indicating steady economic growth with periodic fluctuations. With a CAGR of around 11.3%, the nation's GDP grew gradually from Rs 76,493 billion in 2009 to Rs 328,749 billion in 2023. With high growth rates of 15% in 2011, 14% in 2013, and 15% in 2015, as well as a steep decline to -1% in 2019, the year-over-year (Y-o-Y) growth rate exhibits periodic fluctuations. This decline is mostly attributable to economic slowdowns and decreased consumer demand. 2020 saw a notable 20% growth, indicating a post-pandemic recovery fuelled by investments, fiscal stimulus, and higher demand across all industries, including real estate. India's real estate and housing industry is significantly influenced by GDP growth, urbanization, infrastructure spending, and housing financing, which contribute to the growth of the residential and commercial building sector. However, variability like 2019's decline

highlights vulnerability to macroeconomic shocks. Real estate currently contributes 7.3% of India's GDP, but is expected to rise to 15% by 2050 due to urbanization and government programs like the PMAY. The spike in house completions, which increased from 2.5 lakh units in 2018 to 4.35 lakh units in 2023, and the notable rise in home sales value, which reached ₹3.47 lakh crore in FY23, indicating a 48% year-over-year gain, are clear indicators of the real estate market's progress. India's real estate industry is vital for economic growth, supporting financial markets and infrastructure development, adapting to changing consumer tastes and demography, with a strong, durable GDP trend. The most noteworthy turning moments include the COVID-19 pandemic-era exceptional 20% GDP growth in 2020, which defied worldwide economic contractions, and the 2019 growth slowdown of -1%, which suggested possible economic difficulties.



Source: LSI Research analysis based on data from Macrotrends

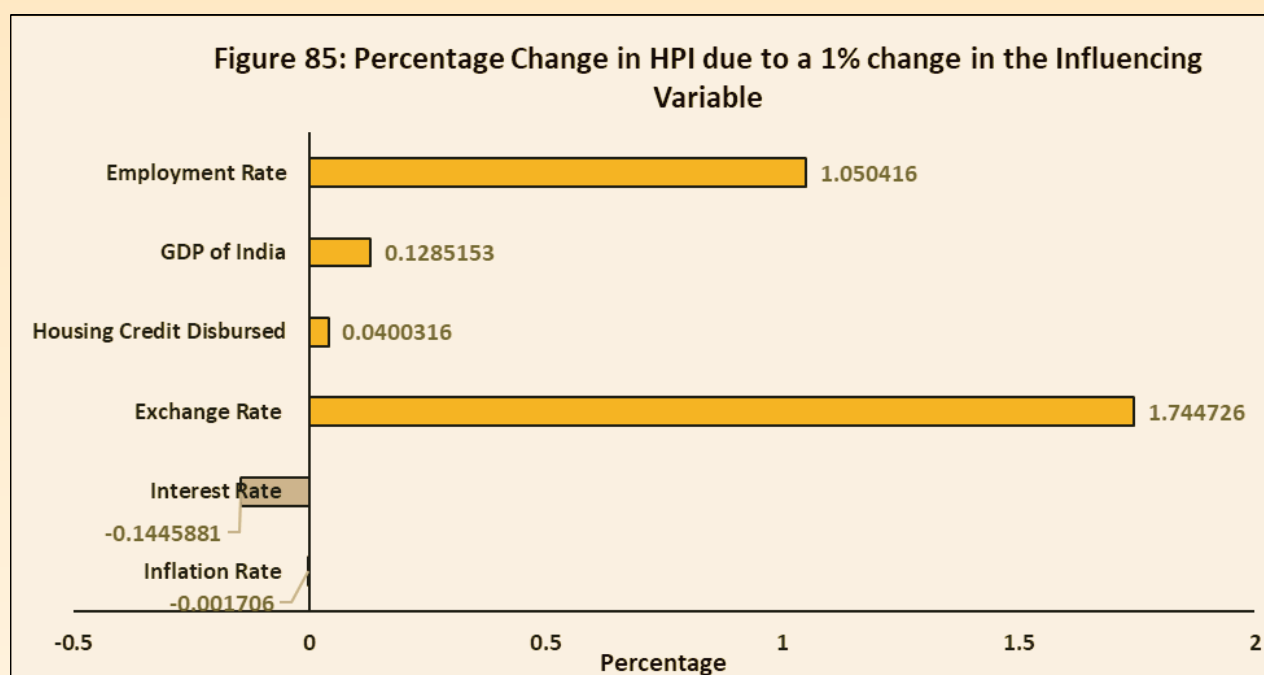




## Results:

### A. Model 1: $HPI = f(\text{Inflation, Interest Rate, Exchange Rate, Employment Rate, Housing Credit Disbursed, GDP of India})$ .

The regression analysis examined the impact of independent macroeconomic variables on the Housing Price Index in India, including inflation rate, interest rate, exchange rate, employment rate, housing credit disbursed, and GDP.



Source: LSI Research Analysis

## Results and Inference

Currency depreciation may increase house prices due to increased import material costs or increased demand from non-resident Indians. Exchange rate has the biggest positive coefficient (1.755), with a 1% increase causing the HPI to climb by 1.75%. The increase in building expenses is likely due to increased NRI investment. The depreciation of the rupee could boost demand from international investors and NRIs, making properties more affordable in foreign exchange, increasing demand for luxury sectors and reasonably priced homes, potentially leading to an increase in NRI demand for Indian real estate.

Interest rates have a slight negative influence on housing affordability, with a coefficient of -0.145, suggesting that higher borrowing costs lower affordability. Higher interest rates

increase borrowing costs, reducing home affordability and demand, thereby decreasing the HPI and raising mortgage costs. Conversely, lower interest rates promote borrowing, improving affordability and boosting demand, raising prices, and the relationship between interest rates and housing affordability is inverse.

The effects of housing credit are insignificant, with corresponding value of 0.403. Housing credit positively impacts home prices by increasing demand and buying power. Tighter lending regulations can make homes less affordable, affecting prices. The HPI increases with widespread housing finance, while stricter credit requirements may reduce demand. The HPI rises with rising housing credit and falls with falling credit. Looser

lending standards stimulate demand and raise prices, while favourable credit conditions boost market demand and buying power.

Inflation has insignificant effects, with a -0.171 value. Real estate acts as a hedge against inflation, reducing demand and increasing house prices. Higher inflation increases building and housing costs due to rising labour and material costs, with a negative association between HPI and inflation rate. Severe inflation reduces demand and restricts price rise by increasing building costs and eroding buying power.

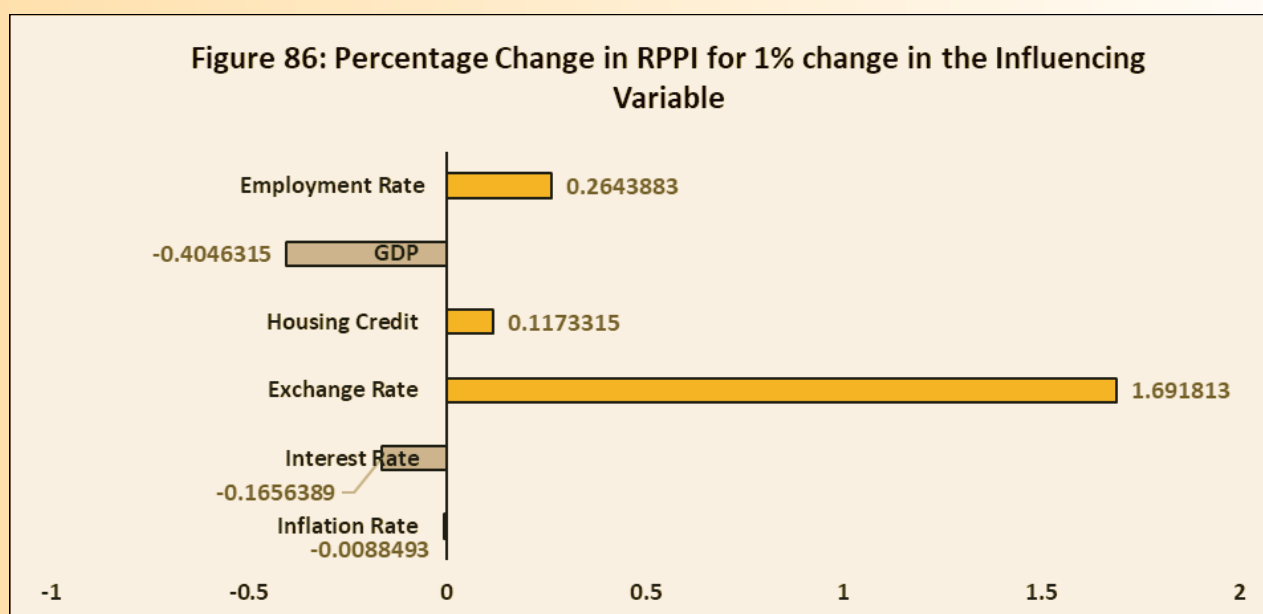
The employment rate has a significant positive correlation via a coefficient of 1.055 with rising house prices, with a 1.05% increase in the HPI for every 1% increase in employment.

Higher employment rates boost consumer confidence and disposable income, leading to increased demand for and price increases for homes. Conversely, high unemployment lowers demand and purchasing power, impacting the HPI. Higher employment rates result in steady wages, increased eligibility for housing loans, and increased demand for housing, all positively affecting the HPI.

Positive correlations of 0.129 for GDP suggest a relationship between rising house prices and consumer confidence, earnings, and employment. A robust economy with rising GDP and incomes boosts housing demand, positively correlated with HPI, while a decrease in GDP boosts market sentiment and home demand, enhancing overall market mood.

## **B. Model 2: $RPPI = f(\text{Inflation, Interest Rate, Exchange Rate, Employment Rate, Housing Credit Disbursed, GDP of India})$**

*A regression analysis examined the impact of independent macroeconomic variables such as inflation rate, interest rate, exchange rate, employment rate, housing credit disbursed, and GDP on the Real Residential Property Price Index in India.*



Source:LSI Research Analysis

## Results and Inference

With a coefficient value of -0.088, the inverse link between inflation rates and property prices is low. Higher inflation can boost housing prices by acting as a hedge against inflation, but excessive inflation can reduce purchasing power, increase construction costs, and slow price growth, making real estate less affordable and potentially putting downward pressure on prices. The RPPI shows a negative response to inflation levels.

Interest rates have a negative correlation with property prices, with a coefficient of -0.166, suggesting that higher rates may depress property values by increasing borrowing costs, and every 1% increase leads to a -0.16% decline in RPPI. Interest rates affect the RPPI, with higher rates reducing affordability and making homes less accessible. Lower rates encourage borrowing, increase affordability, and stimulate demand, driving up prices, while higher rates reduce demand and slow price growth.

The Indian real estate market is influenced by currency rates, particularly in open economies with substantial foreign investment or as a hedge against exchange rate fluctuations. However, other macroeconomic factors like interest rates and regional housing regulations may have different effects. A higher Indian Rupee increases foreign investors' purchasing power, potentially leading to higher real estate prices. The exchange rate, with a coefficient of 1.692, is the most significant factor, indicating that a 1% increase in the exchange rate leads to a 1.69% increase in the RRPI. The exchange rate positively correlates with the actual residential property price index and potential NRI investment, as a stronger rupee makes real estate more affordable for foreign investors. Conversely, a weaker rupee may deter foreign investment and reduce demand from NRIs, potentially affecting real estate values. The strongest positive association is shown when the rupee depreciates by 1%, suggesting that NRI investments have a major influence on imported building costs. Higher input costs and favourable exchange rates can boost property prices due to increased demand from NRIs and foreign investment. The rupee boosts Indian real estate demand, attracting international investors. Despite devaluation, foreign investment's desire exceeds cost constraints, boosting overall real estate values.

Housing credit slightly positively impacts property values, with a coefficient of 0.117, indicating that a 1% increase in credit leads to a 0.117% rise in real estate prices. The relationship between purchasing power and housing credit is positive, increasing demand and costs. Tighter regulations can lower affordability, while credit expansion boosts purchasing power. Optimal credit conditions fuel demand and raise prices. Tighter lending regulations may slow the market. Increased housing credit availability is linked to growing property values. Housing loan increases are linked to growing property values, despite minimal influence and modest statistical significance.

The employment rate positively influences the RPPI, with a coefficient of 0.265, indicating a significant positive correlation between the two variables, indicating a 1% increase in employment leads to a 0.265% increase in RPPI. Employment rates and housing demand are positively correlated, with increased employment boosting disposable income and consumer confidence, supporting price growth. Conversely, high unemployment lowers housing demand and purchasing power, potentially impacting the RPPI. The economy's state and inflation pace determine real price effects. High employment rates boost residential real estate demand, while high unemployment may decrease demand, potentially leading to a decline in real estate values.

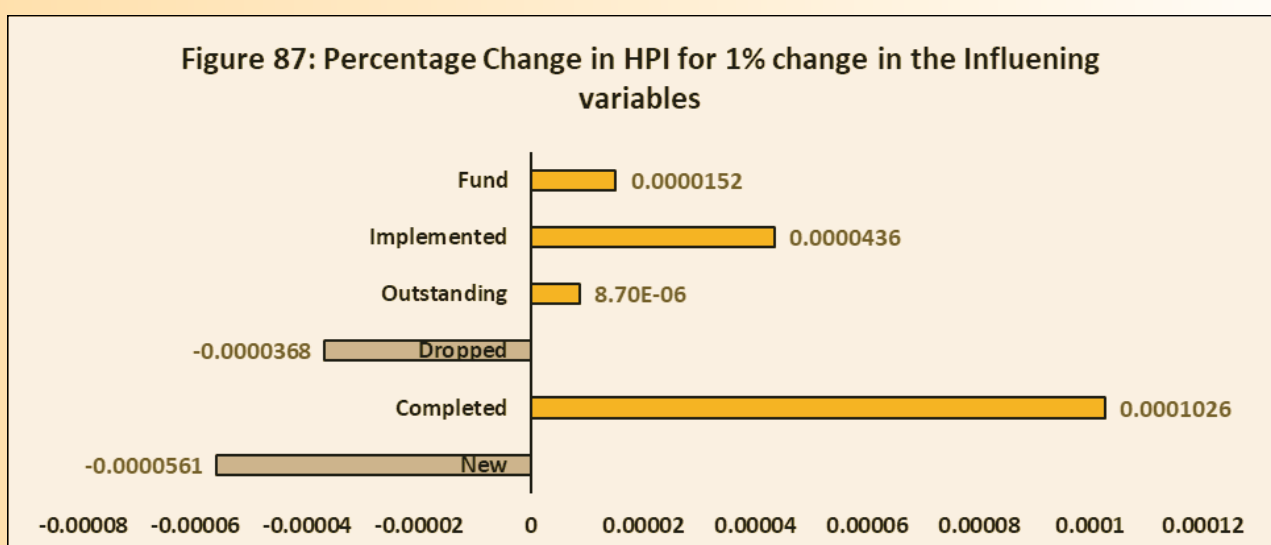
The regression analysis reveals a negative correlation between GDP and property values, with a coefficient of -0.405, indicating that real property values decrease by 0.40% for every 1% GDP growth. The relationship between the RPPI and GDP is generally positive, but can be negative in certain situations. Property prices may decrease due to decreased disposable incomes and reduced demand due to slower GDP growth. Factors such as tighter monetary policies, structural imbalances, concentrated economic growth in non-housing industries, and overbuilding during economic booms can contribute to this. Excessive speculation in the real estate market can result from an overheated economy, making prices unaffordable. Policy interventions can help reduce inflation and slow down the economy, potentially affecting housing demand. Supply-side limitations can lead to price increases that are unaffordable,

land policy interventions can help reduce inflation if rapid growth is unsustainable and causes overheating. The link between real estate prices and GDP can be triggered by unbalanced economic development, where increased GDP may lead to higher interest rates and tighter monetary policy, causing real estate to become more expensive, and negative pressure may occur when housing supply exceeds demand or GDP growth is driven by non-real estate industries.

Employment rates and housing demand are positively correlated, with increased employment boosting disposable income and consumer confidence, supporting price growth. Conversely, high unemployment lowers housing demand and purchasing power, potentially impacting the RPPI. The economy's state and inflation pace determine real price effects. High employment rates boost residential real estate demand, while high unemployment may decrease demand, potentially leading to a decline in real estate values.

**C. Model 3:  $HPI = f(\text{Total New investments in Real Estate, Total Completed Investments in Real Estate, Total Dropped Investments in Real Estate, Total Outstanding Investments in Real Estate, Total Implemented Investments in Real Estate, Funds Raised in Real Estate})$**

A regression analysis examined the impact of independent microeconomic variables such as Total New investments in Real Estate, Total Completed Investments in Real Estate, Total Dropped Investments in Real Estate, Total Outstanding Investments in Real Estate, Total Implemented Investments in Real Estate, Funds Raised in Real Estate on the HPI of India.



Source:LSI Research Analysis

## Results and Inference

A value of -0.056, which indicates a small inverse association, highlights the negative link between new real estate investments and the HPI. The HPI may be slightly impacted by an increase in new real estate investments. A positive correlation is expected between the HPI and the overall amount of investments, as higher investments indicate market confidence and predict future housing demand. However, a negative correlation may occur when more investments result in an excess of available housing units, lowering housing prices. This could occur in markets where demand growth is static or insufficient to absorb the additional supply. In times of market saturation or economic uncertainty, a negative link may occur when new investments flood the market, resulting in an excess of housing supply and a decline in demand. If new building rates exceed demand, unsold units increase and prices decrease. Unmeasured factors may be influencing this unexpected negative correlation, as evidenced by a non-statistically significant relationship and wide confidence interval.

The HPI and completed investments have a positive connection (coefficient of 0.0103), while the impact was not statistically significant. Completed projects significantly improve house values by enhancing quality, usefulness, and appeal. These projects are often located in high-demand areas with robust infrastructure and economic expansion. They can address housing shortages or introduce high-end homes. Strong consumer demand, attractive lending rates, and a stable macroeconomic climate encourage buyer confidence and willingness to pay higher prices for finished homes. However, if demand exceeds supply, prices may rise. When completed projects significantly contribute to housing supply, buyer confidence and market stability increase, potentially boosting demand and raising real estate values. This is especially strong in developing economies. The availability of housing increases as more houses are finished, potentially boosting demand and raising real estate values.

The inverse association between dropped investments and the HPI is indicated by their negative coefficient (-0.037). Dropped projects can negatively impact the HPI, leading to reduced housing supply, market turbulence, and

potentially raised prices. This lack of trust in real estate can result in a drop in buyer confidence and property prices. Dropped projects can also indicate serious problems in the real estate industry, such as unstable finances, regulatory obstacles, or unfavourable economic conditions. This uncertainty can result in less demand and a drop in buyer confidence, pushing down property prices. The negative association is more noticeable in strategic sectors or during economic uncertainty. Project cancellations can indicate market distress, oversupply concerns, financial stress, liquidity issues, distressed asset sales, or impact a location's appeal and development potential. Cancelled projects can decrease market confidence and negatively impact the HPI, leading to a decline in the house price index. Additionally, cancelled projects can lead to an excess of unfinished or cheap real estate, further lowering market values. A minor decline in housing prices is linked to an increase in abandoned investments.

The HPI and outstanding investments have a very positive correlation, as seen by the positive coefficient (0.087). High numbers of outstanding real estate investments can indicate robust demand and potential future supply expansions, potentially driving down prices. However, if ongoing projects have great completion potential and align with market demand, there is a positive correlation between the HPI and the total amount of outstanding real estate investments. Developers and investors holding significant outstanding investments indicate their faith in the long-term development and profitability of the real estate industry, and there is a positive correlation between the HPI and the total amount of outstanding real estate investments. Expected future increases in property values may result from this, improving buyer sentiment and current demand. Potential purchasers could be more willing to invest in real estate as confidence rises, which would raise prices and increase the HPI. A high number of outstanding real estate investments can support growing house values, attract more investments, and improve market stability. However, this positive link is not statistically significant and has a broad confidence interval that encompasses zero.



improving buyer sentiment and current demand. Potential purchasers could be more willing to invest in real estate as confidence rises, which would raise prices and increase the HPI. A high number of outstanding real estate investments can support growing house values, attract more investments, and improve market stability. However, this positive link is not statistically significant and has a broad confidence interval that encompasses zero. High outstanding investments in real estate often indicate higher investor confidence and expected future supply, potentially raising current prices due to buyers anticipating future competition for limited inventory. These investments often correlate positively with market optimism and future supply, maintaining or increasing house values. However, they can also lead to supply constraints and pricing pressure if not converted into finished projects. Outstanding real estate investments often boost market optimism and future supply, thereby preserving or increasing house values.

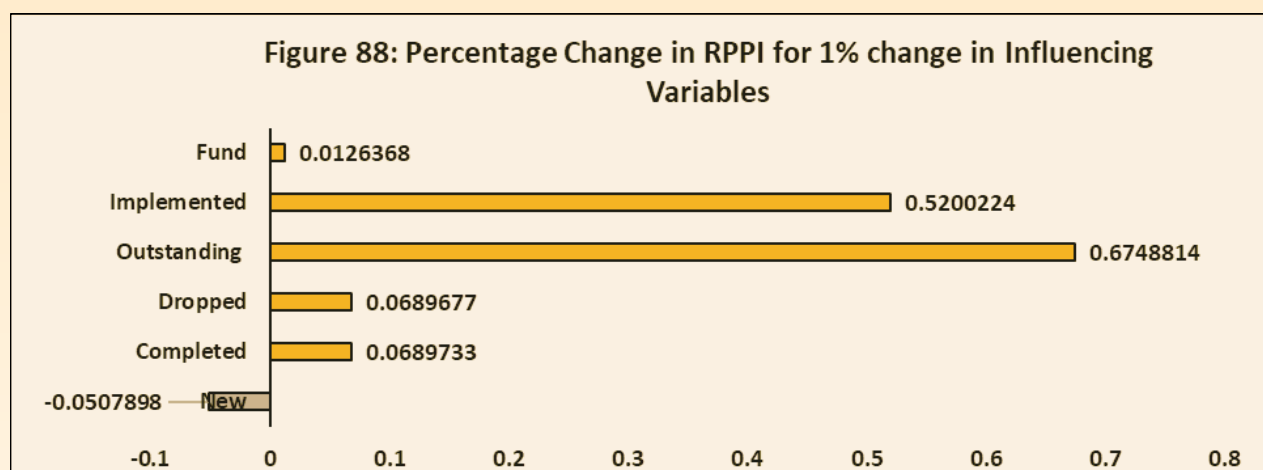
Although the positive coefficient of 0.044 indicates that implemented investments may have a beneficial influence on the HPI, it is not statistically significant, meaning that housing prices are not significantly impacted. HPI and Total Implemented Investments in Real Estate have a positive correlation due to active project execution, which aligns with the market's ability to satisfy housing demand and maintain steady property values. However, timing and volume of implementations can result in additional supply, driving prices lower. When executed initiatives result in concrete developments that meet market demand, such as residential complexes, commercial spaces, or mixed-use infrastructure, there is a positive correlation between the HPI and the overall amount of real estate investments. Successful project completions boost demand from prospective buyers and indicate market confidence, increasing the supply of available homes and property values.

Implemented investments can also improve consumer perceptions of the real estate market's stability and development potential, increasing demand and raising the HPI. The relationship between HPI and total implemented investments is stronger in areas where investments address housing shortages, urban amenities, or economic centres, with a positive correlation observed when finished building rate coincides with high housing demand. prospective buyers and indicate market confidence, increasing the supply of available homes and property values. Implemented investments can also improve consumer perceptions of the real estate market's stability and development potential, increasing demand and raising the HPI. The relationship between HPI and total implemented investments is stronger in areas where investments address housing shortages, urban amenities, or economic centres, with a positive correlation observed when finished building rate coincides with high housing demand.

With a little positive coefficient (0.015), the funds raised appear to have little direct influence on the HPI. The real estate market is experiencing a positive correlation between the HPI and real estate funds raised, as increased fundraising activity indicates increased liquidity and investor confidence. New developments are entering the market, leading to more development activity and higher house prices. Greater investment can boost supply and encourage building activity, driving down costs. Short-term price increases may also result from increased demand. When money is directed into high-demand projects, such as luxury developments, affordable housing, or commercial real estate, it raises property prices. Increased demand and speculation in the real estate market lead to buyer rivalry, construction of upscale developments, and future price increases. The correlation between real estate funds and the HPI is positive due to increased capital inflows and improved market mood. The High-HPI is positively correlated with real estate capital raised, as investment leads to better development that meets investor expectations and market demand, with an expected rise due to improved market mood and new property availability.

**D. Model 4:  $HPI = f(\text{Total New investments in Real Estate, Total Completed Investments in Real Estate, Total Dropped Investments in Real Estate, Total Outstanding Investments in Real Estate, Total Implemented Investments in Real Estate, Funds Raised in Real Estate})$**

A regression analysis examined the impact of independent microeconomic variables such as Total New investments in Real Estate, Total Completed Investments in Real Estate, Total Dropped Investments in Real Estate, Total Outstanding Investments in Real Estate, Total Implemented Investments in Real Estate, Funds Raised in Real Estate on the HPI of India.



Source:LSI Research Analysis

## Results and Inference

Given the negative coefficient (-0.0508), it is possible that rising new investments may result in falling real residential property values. The RPPI may be negatively impacted by the quantity of new real estate investments, potentially leading to oversupply and decreased property prices. When demand outpaces supply, buyers become more aggressive, potentially resulting in overstock or market saturation. Conversely, when demand outpaces supply, investor confidence and speculation draw in more capital, raising demand and potentially leading to price increases. However, increased new investments may not

necessarily translate into a rapid increase in supply, especially in areas with limited land availability. Developers engage in new projects to attract buyers and investors, and increased activity in new developments can improve buyer options and increase demand. The RPPI may have a negative relationship with the quantity of investments if it is strategically aligned with market demand and focused on high-growth or undersupplied areas. However, the perceived worth of real estate assets may increase if supported by robust infrastructure development, favourable government policies, and economic prosperity.

Developers are launching new projects to attract buyers and investors due to the stability of the housing market and potential economic growth. Successful completions and increased market demand lead to a rising RPPI, indicating a robust real estate environment with higher property values. However, investments causing oversupply and lower values may negatively impact the RPPI. Completed real estate investments have a favourable impact on the RPPI because they raise home values and boost market confidence. More completed investments are positively correlated with increasing real residential property prices, according to the coefficient (0.0693). When demand outpaces completion rates, a shortage of supply and higher prices can occur. The RPPI and completed real estate investments have a positive correlation, as completed investments improve property prices, signal market maturity, and increase housing availability. They also reduce uncertainty and indicate market stability. The positive correlation occurs when completed construction rates keep up with or lag behind strong housing demand, especially in regions with strong economic growth, population expansion, or land scarcity. The construction of new housing complexes increases buyer demand, boosts market confidence, and drives up real estate values. The influx of finished homes in regions experiencing economic growth, population expansion, or land scarcity leads to increased competition among buyers, resulting in higher real estate values, with a positive correlation between RPPI and finished investments; for every 1% increase in completed investments, the RPPI rises by 0.069%. However, this link is probably going to be favourable in the near future because of potential supply constraints and growing economic activity. Real assets from finished investments boost economic growth, draw in buyers and investors, and improve market trust.

The correlation between dropped real estate investments and RPPI is positive, with a correlation of 0.0697. This suggests that a rise in property prices is linked to a rise in discontinued investments, possibly due to less competition or a focus on high-value projects. However, abandoned investments can have a positive impact on the HPI, indicating market instability. Total lost real estate investments have a negative correlation with RPPI. An increase in abandoned investments indicates a lack of market confidence, leading to fewer buyers

and lower real estate values. In high-demand locations, the perceived value of available properties increases due to their unavailability, increasing buyer competition and potentially benefiting the RPPI. Project cancellation or shelving can lead to a decrease in future supply in markets with limited inventories, increasing demand for existing homes and raising prices. This competitive buying environment can result in higher property prices, benefiting the RPPI.

The study indicates a positive correlation between RPPI and outstanding real estate investments, with a coefficient of 0.6748 indicating that a 1% increase in outstanding investments leads to a significant 0.675% increase in RPPI. Investor confidence and anticipation of future supply shortages may be the cause of increased outstanding investments in real estate. Developers' faith in future earnings impacts future market potential and value expectations for ongoing projects. A high number of outstanding investments may indicate positive investor sentiment and potential supply increases, potentially lowering prices. However, if these investments are not completed, supply shortages and pricing pressure may arise. Strong supply in the future may increase demand for improved infrastructure, urbanization, or economic expansion. Property values may rise as buyers and investors seek homes in a robust market. Developers' confidence in future earnings often leads to the size of outstanding investments, as they anticipate strong housing demand, increasing buyer interest and competition for available houses. The real estate market's potential for increased unreserved investments is indicated by a positive coefficient, indicating a strong market, but caution is advised due to the lack of statistical significance, as indicated by the wide confidence interval.

The correlation between RPPI and Total Implemented Investments in Real Estate is positive with a coefficient (0.52003), including ongoing projects, could potentially enhance the value of real residential properties. The RPPI and Total Implemented Investments in Real Estate are positively correlated, with well-executed projects increasing demand and property prices. This relationship is influenced by housing demand and completion rate. Successful projects attract investors and buyers by demonstrating industry



growth and stability, often increasing the perceived value of residential properties through urban expansion and improved infrastructure. These projects boost demand for homes and market confidence, attracting potential purchasers. Implemented investments, when converted into housing options, positively affect the RPPI. This is especially true in places with strong economic growth, fast population increase, or land limitations.

A positive but non-statistically significant coefficient (0.0127) for money raised in real estate projects indicates that an increase in funding has little effect on the values of growth and stability, often increasing the perceived value of residential properties through urban expansion and improved infrastructure. These projects boost demand for homes and market confidence, attracting potential purchasers. Implemented investments, when converted into housing options, positively affect the RPPI. This is especially true in places with strong economic growth, fast population increase, or land limitations.

The relationship between RPPI and money raised may be due to inefficient fund utilization. However, more liquidity promotes high-quality projects, raising property values and market confidence. Financial inflows like loan financing, equity investments, and institutional funding increase demand for housing and consumer confidence. Increased investor confidence in the real estate sector encourages growth and property prices, positively affecting the RPPI. Capital inflows boost development and buyer sentiment, increasing the number of home options available. The regression results suggest that changes in real estate funds could not directly affect property values in a meaningful way due to the limited positive connection between RPPI and funds. Increased demand and speculation in the real estate market leads to buyer competition, premium developments, and future price hike predictions, with a positive correlation between capital inflows and investor confidence.





**Model 5:  $HPI=f(\text{Land price, Construction Cost Index, Consumer Price Index, Per-capita Income, New Investment-Real Estate, Average Lending Rate, Air Quality Index, Labour Employability Scope, Relative Retail Market concentration, Health Index, and Educational Index})$**

**Methodology:** A time series regression was carried between the dependent variable, HPI of a particular city, and the independent variables like Land price (Per sqft), Construction Cost Index, Consumer Price Index, Per-capita Income, New Investment-Real Estate, Average Lending Rate, Air Quality Index, Labour Employability Scope, Relative Retail Market concentration, Health Index, and Educational Index. The cities which were taken into account for the analysis are Ahmedabad, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai and Pune. A time series forecasting of the HPI of the cities was also conducted. The statistical test confirmed the presence of autoregressive and moving averages in the series. The time series econometric model, maximum likelihood estimation (ARIMA), was used to forecast changes in housing price indices of different cities in India.

**Table 15: Description of the Variables influencing the HPI in Different Cities**

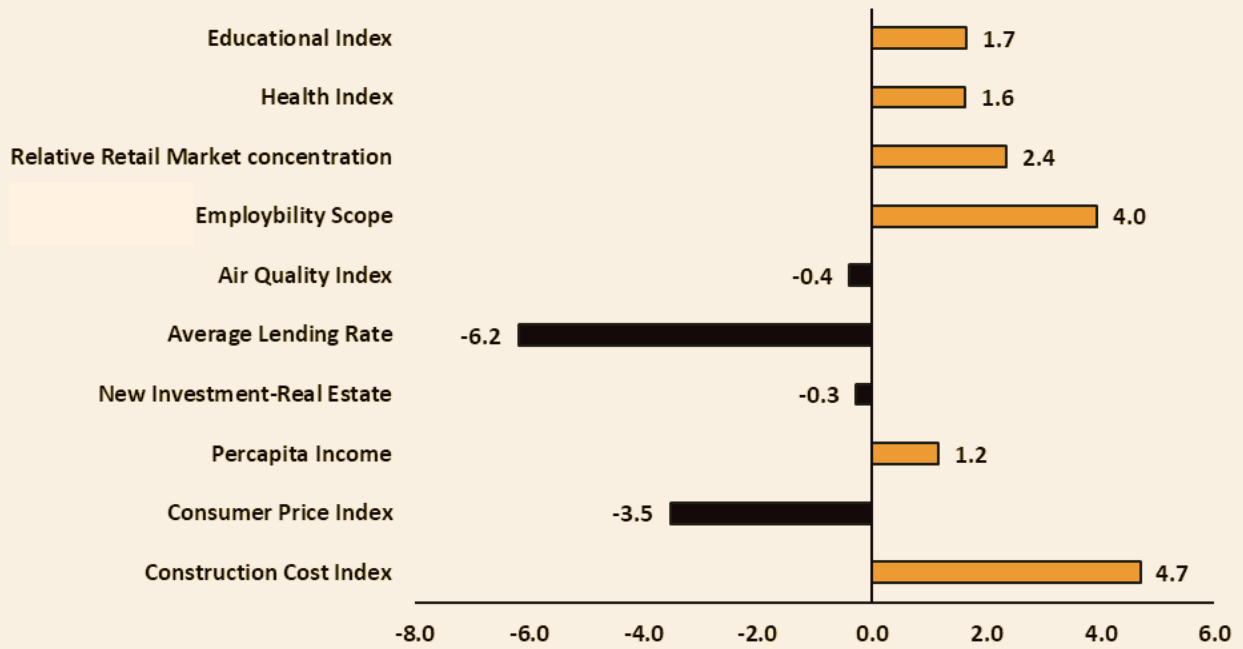
<b>Land Price (Per sqft)</b>	The HPI, which is directly impacted by rising land prices, might become less affordable and lessen demand from price-conscious purchasers. This is because developers pass on the cost of land per square foot to customers. Urban growth patterns, zoning, and location all affect land pricing, the basic cost component of real estate. Particularly in metropolitan locations with strong demand, rising land prices immediately raise home values and decrease affordability.
<b>Construction Cost Index</b>	The Construction Cost Index monitors changes in construction costs over time, indicating that an increase in the index indicates higher labour and material costs, potentially impacting house prices. This index may positively impact HPI and affect the availability of new dwellings as well as the cost of renovations. Since developers pass these expenses on to customers, greater building costs result in higher home prices, which lower affordability and slow down demand for real estate
<b>Consumer Price Index</b>	Inflation and the general cost of living are gauged by the Consumer Price Index. Higher interest rates brought on by a high CPI may have an impact on house demand and mortgage affordability. How well salaries and earnings keep up with inflation will determine the impact on HPI. The demand for real estate is impacted, buying power is diminished, and inflation is shown by a rising CPI. Since real estate is sometimes viewed as an inflation hedge, demand may occasionally rise as a result.



<b>Per-Capita Income</b>	Increasing disposable income per capita increases HPI. Mortgage qualifying and loan amounts are influenced by affordability and purchasing power, which are determined by the average income per person in a certain area. Increased PCI affects mortgage eligibility and loan amounts by influencing home demand and quality preferences.
<b>New Investment-Real Estate</b>	The supply of housing can be increased and HPI growth may be moderated by new real estate investment. The HPI as a whole may rise, though, if the investment is concentrated on luxury real estate, as this might raise prices in such markets. Real estate investments may stabilize or increase HPI and are a sign of market confidence and growth potential. However, house prices may rise if demand exceeds supply.
<b>Average Lending Rate</b>	A higher average loan rate may result in higher mortgage expenses, which might diminish HPI and decrease home demand and affordability. While higher lending rates might reduce HPI and decrease demand, lower rates can increase housing demand by making mortgages more accessible. Monthly payments, qualifying requirements, investment choices, and market liquidity are all impacted by this.
<b>Air Quality Index</b>	A city's desirability can be impacted by a poor air quality index, which can diminish demand and have an impact on home prices. On the other hand, regions with high AQI can see increased demand and HPI. Potential purchasers may be put off by poor air quality, especially in cities where people's health is a top concern. Long-term health and premium pricing in low-pollution zones are adversely affected. As a result, AQI is essential for assessing a city's attractiveness and prospective housing demand.
<b>Labour Employability Scope Index</b>	People are drawn to a thriving employment market, which raises housing demand and may drive HPI. There may be less demand for HPI in places with little employment options. Economic vibrancy, migration trends, and rental market strength are all impacted by a favourable link with HPI. Greater employability draws more people to urban areas, which raises housing demand and drives up prices, indicating a thriving economy.
<b>Relative Retail Market concentration</b>	Demand and retailer competitiveness, may rise in an area with a high concentration of retail and commercial activities. By improving local facilities, this concentration can raise community appeal and have an impact on synergies between businesses and residences, leading to a higher HPI. A thriving local economy is indicated by a higher concentration of retail establishments, which may raise demand for houses and drive up costs because of the ease of amenities.
<b>Health Index</b>	A community's health outcomes and amenities have a favourable impact on demand and HPI, which in turn influences an area's desirability. This index evaluates the accessibility and quality of healthcare services, which influences long-term investment choices and the appeal of a location for families. Better healthcare facilities are important for families and retirees because they increase the appeal of cities, which raises demand for homes and drives up prices.
<b>Educational Index</b>	Good schools increase a community's appeal, which increases demand and may lead to greater HPI and housing costs. Families are drawn to areas with high-quality educational opportunities, which raises housing demand and HPI. This influences family housing decisions, has a positive correlation with HPI, and impacts neighbourhood desirability. Better educational facilities draw families and students to cities, which raises housing demand and prices—a critical factor in long-term real estate value.

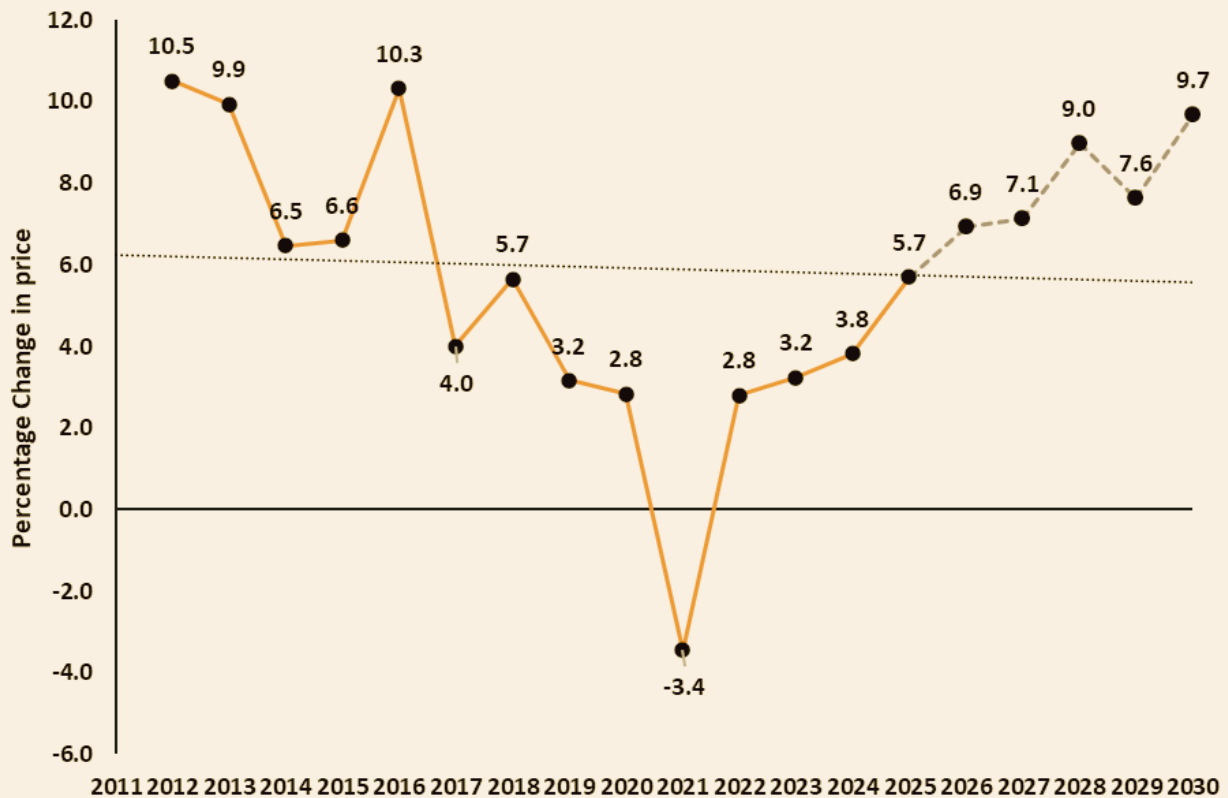
Source:LSI Research Analysis

**Figure 89: Percentage Change in HPI for 1% Change in Influencing Variables in Mumbai**



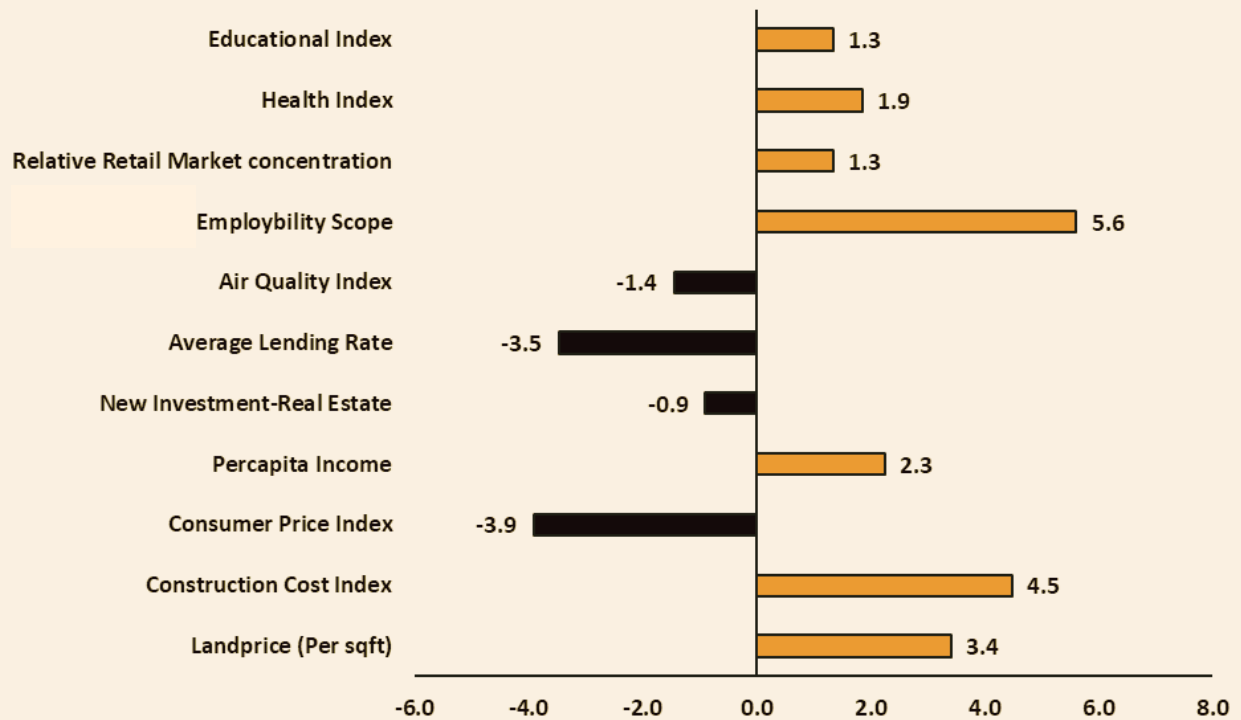
Source:LSI Research Analysis

**Figure 90: Forecast- Rate of Change of Housing Price- Mumbai**



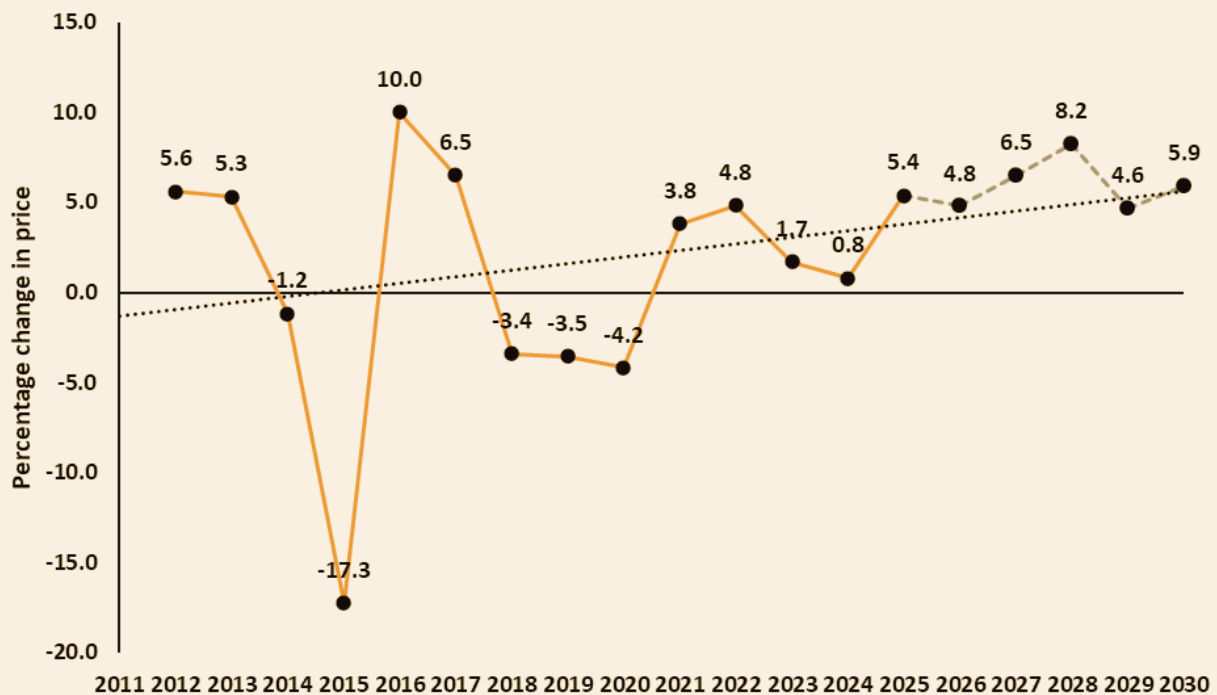
Source:LSI Research Analysis

**Figure 91: Percentage Change in HPI for 1% Change in Influencing Variables in Delhi-NCR**



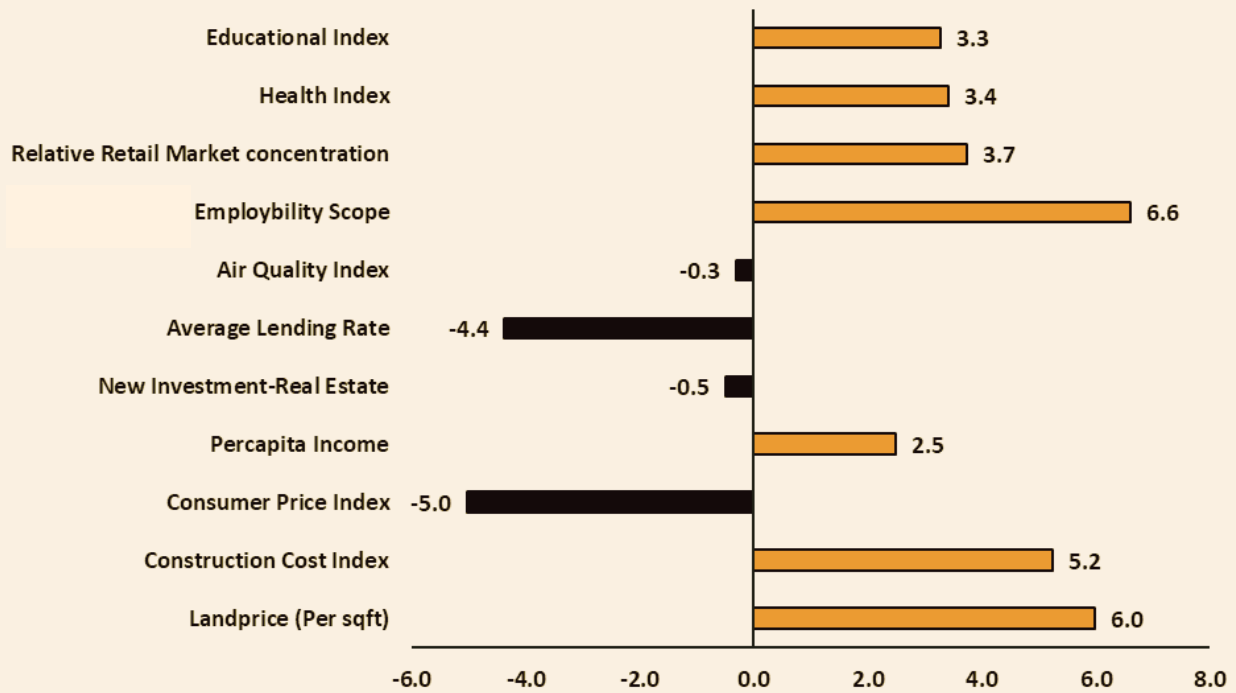
Source: LSI Research Analysis

**Figure 92: Forecast- Rate of Change of Housing Price Delhi-NCR**



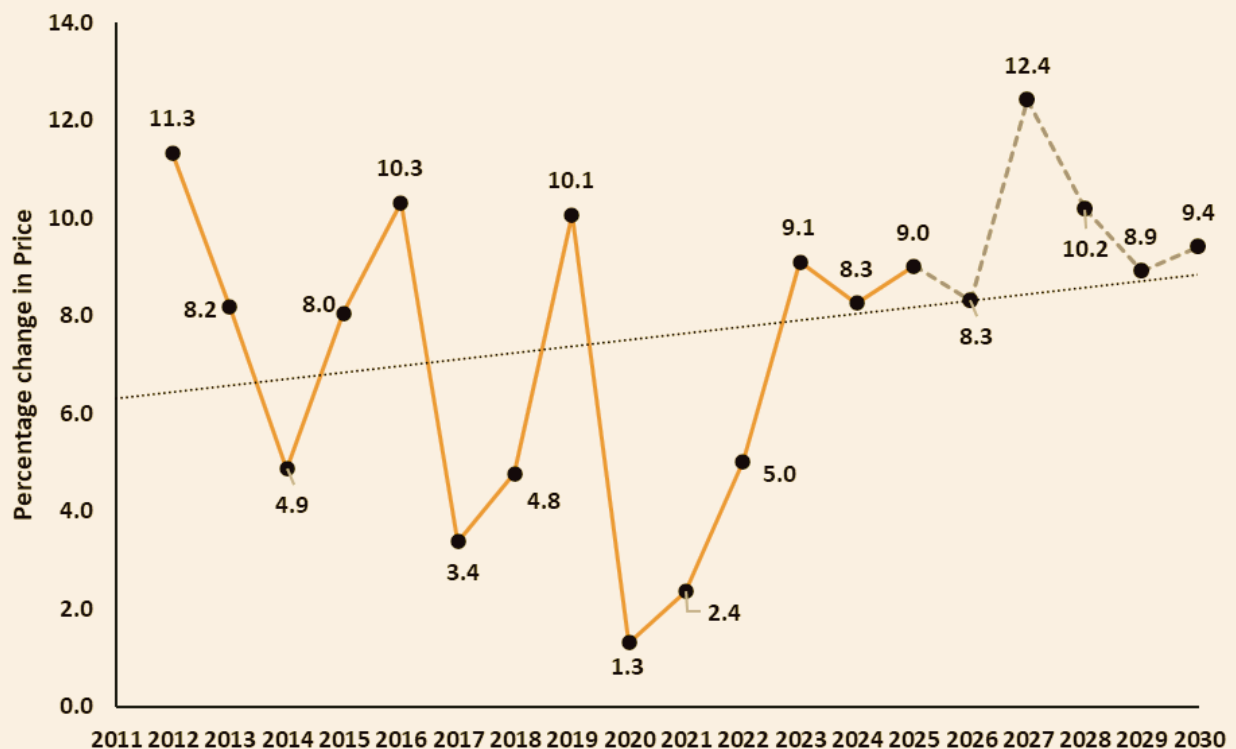
Source: LSI Research Analysis

**Figure 93: Percentage Change in HPI for 1% Change in Influencing Variables in Bengaluru**



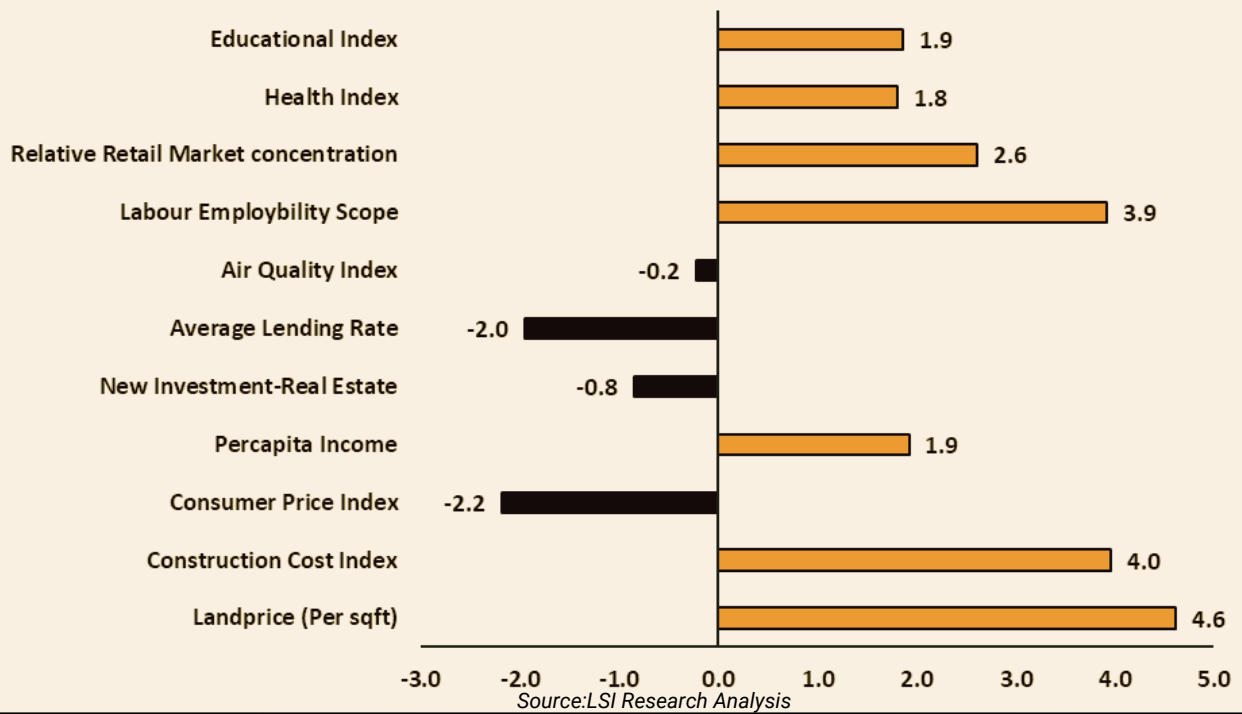
Source:LSI Research Analysis

**Figure 94: Forecast- Rate of Change of Housing Price -Bengaluru**

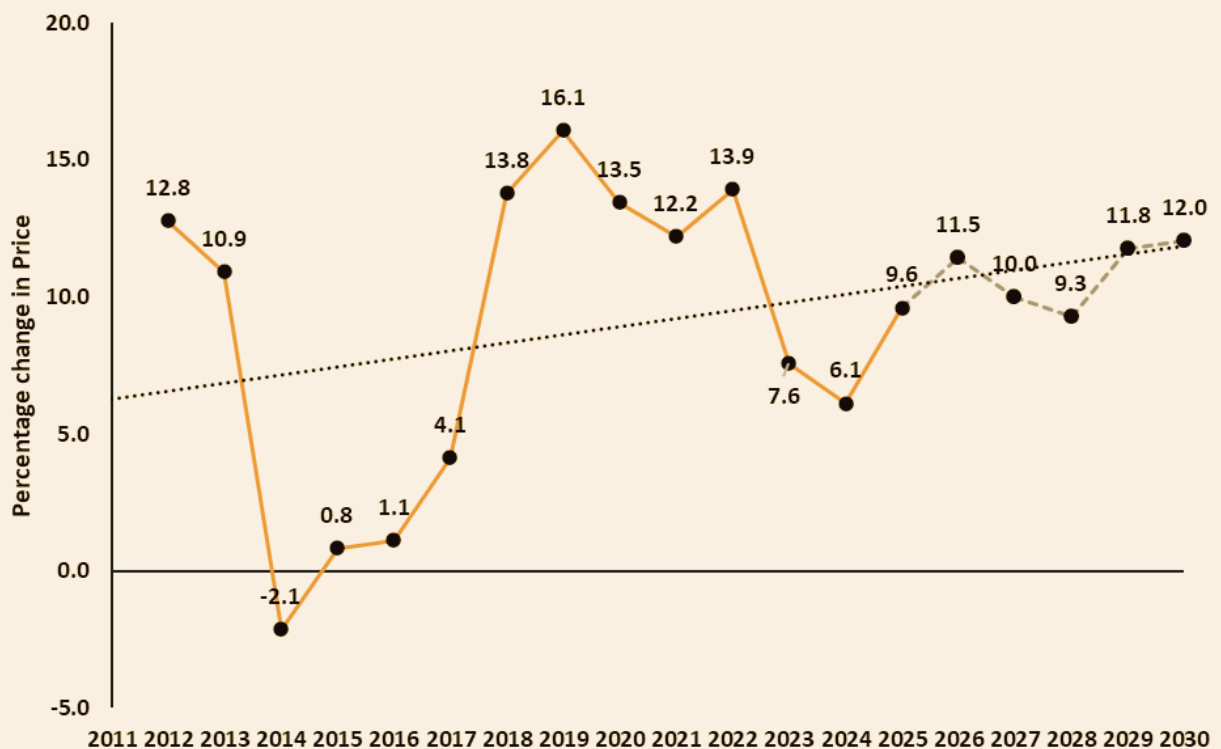


Source:LSI Research Analysis

**Figure 95: Percentage Change in HPI for 1% Change in Influencing Variables in Ahmedabad**



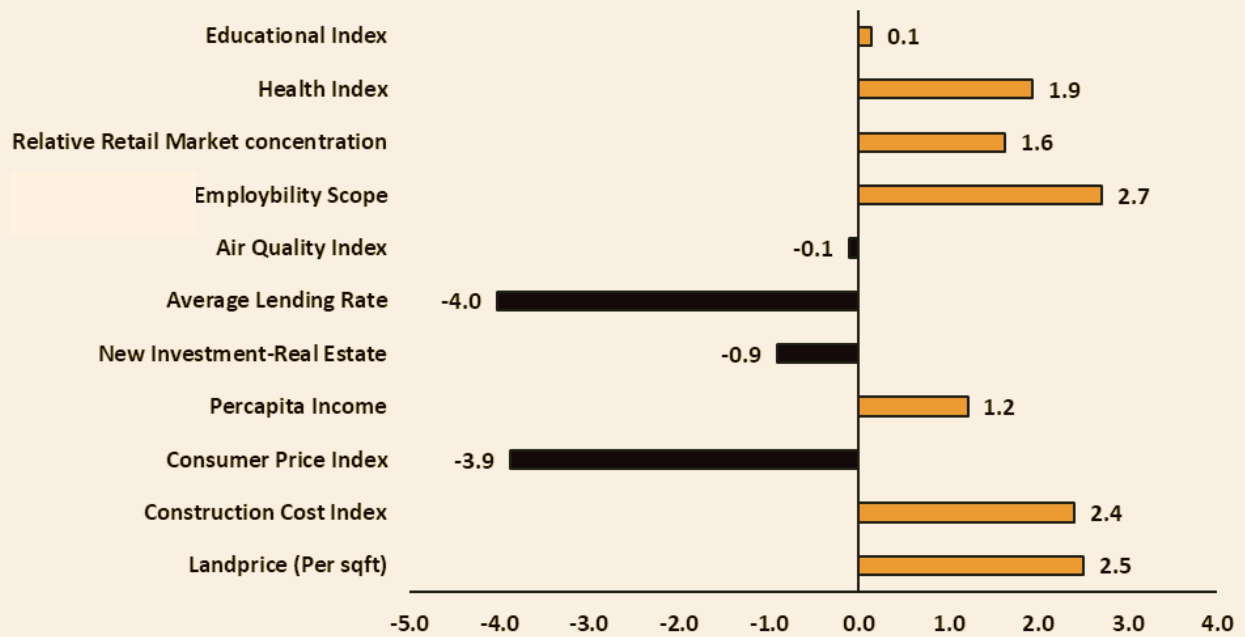
**Figure 96: Forecast- Rate of Change of Housing Price -Ahmedabad**



Source: LSI Research Analysis

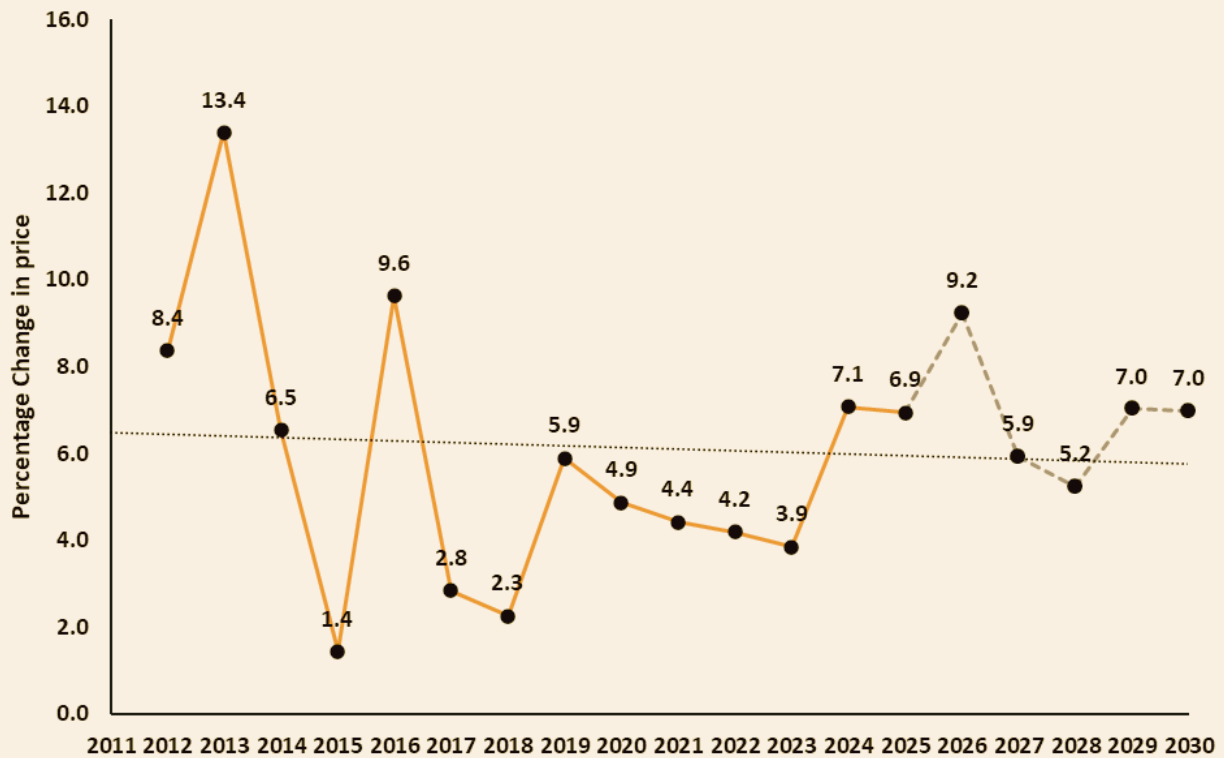


**Figure 97: Percentage Change in HPI for 1% Change in influencing Variable in Lucknow**



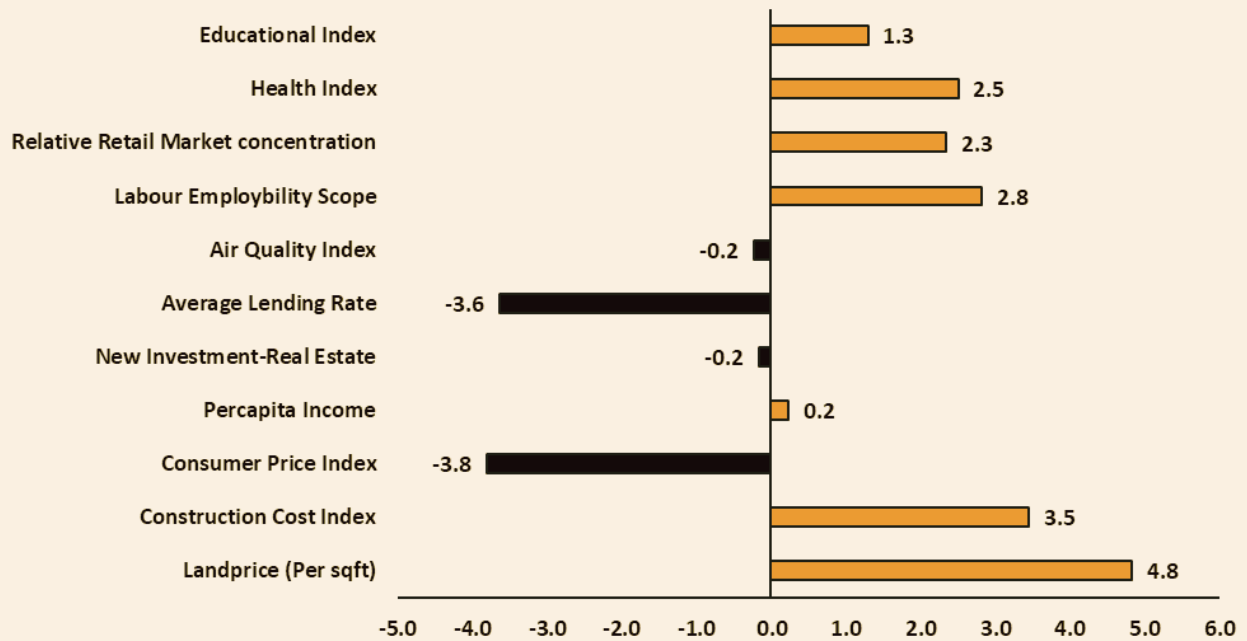
Source:LSI Research Analysis

**Figure 98: Forecast- Rate of Change of Housing Price- Lucknow**



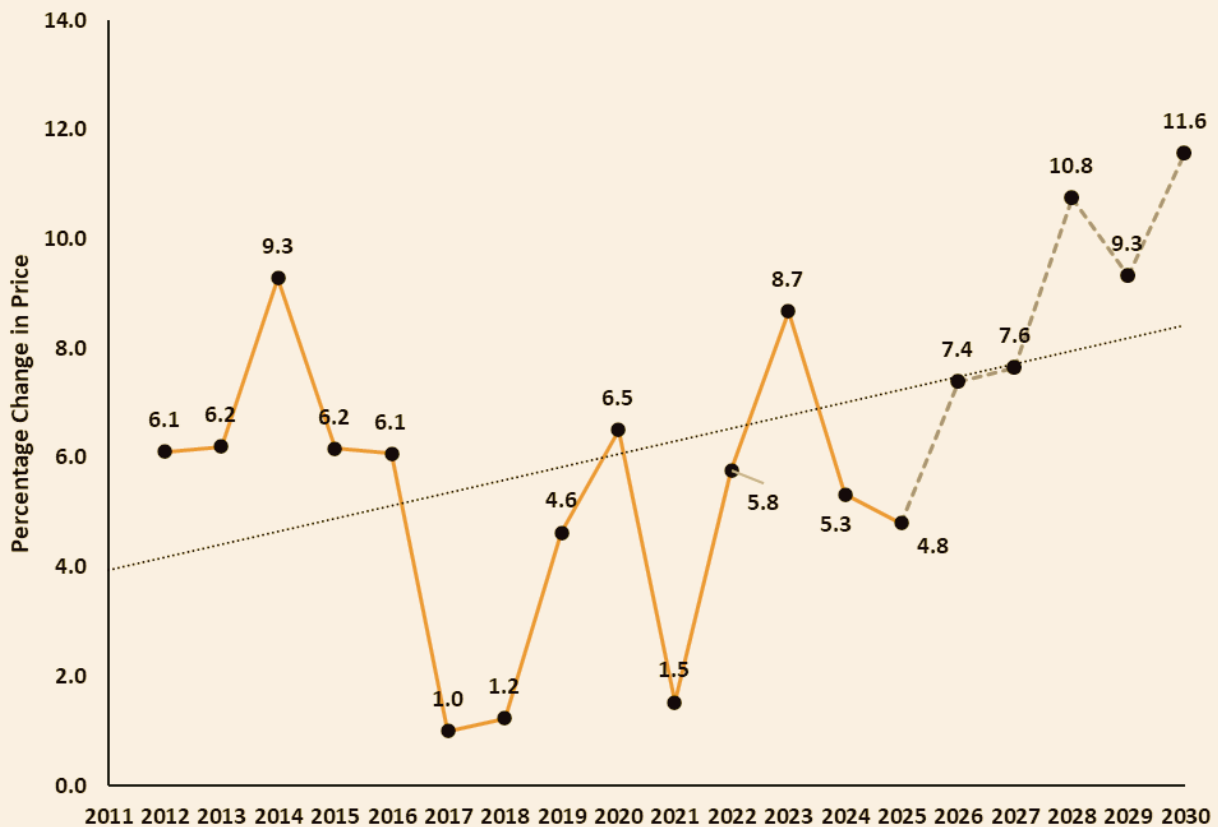
Source:LSI Research Analysis

**Figure 99: Percentage Change in HPI for 1% Change in Influencing Variable in Kolkata**



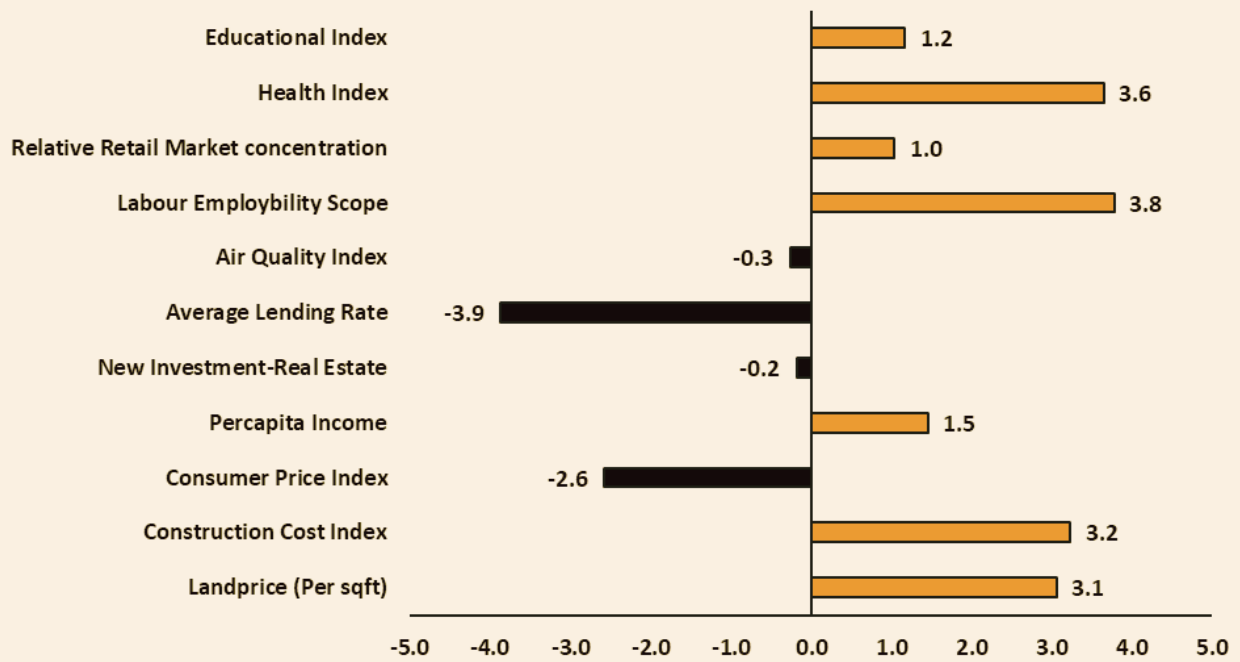
Source:LSI Research Analysis

**Figure 100: Forecast- Rate of Change of Housing Price- Kolkata**



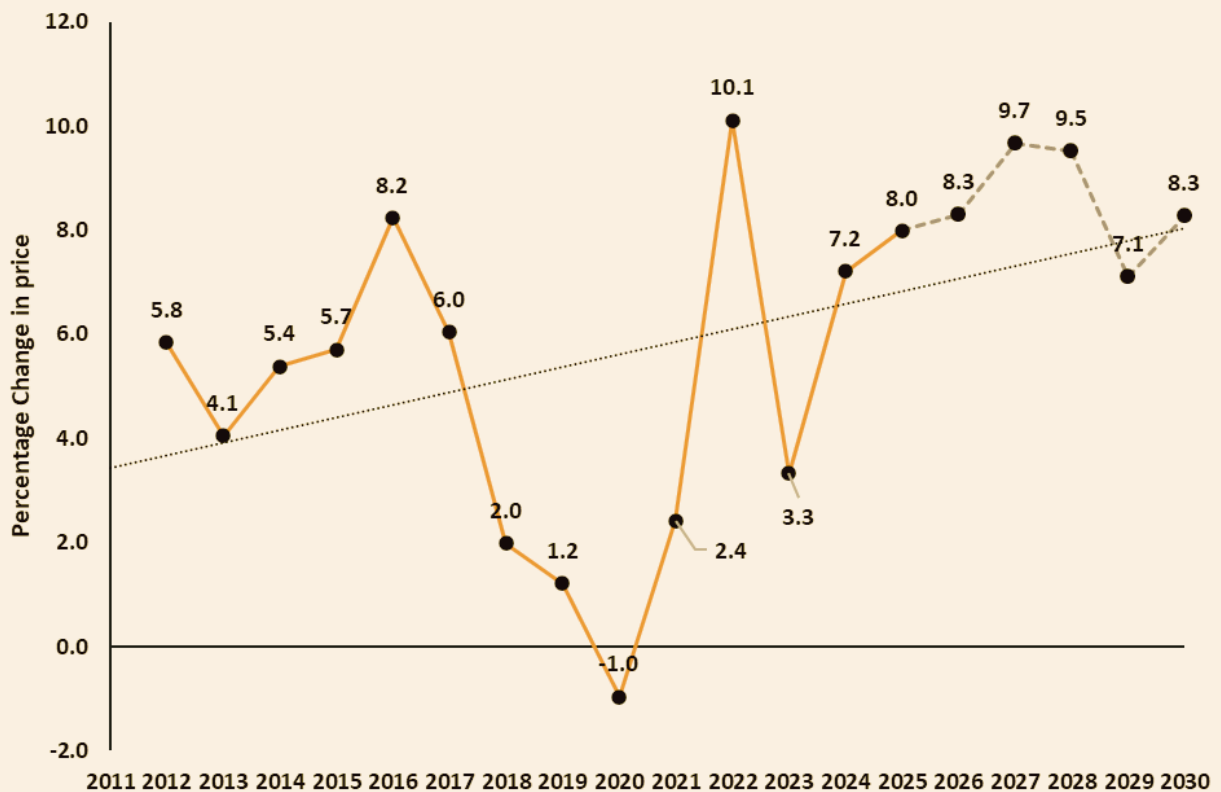
Source:LSI Research Analysis

**Figure 101: Percentage Change in HPI for 1% Change in Influencing Variables in Chennai**



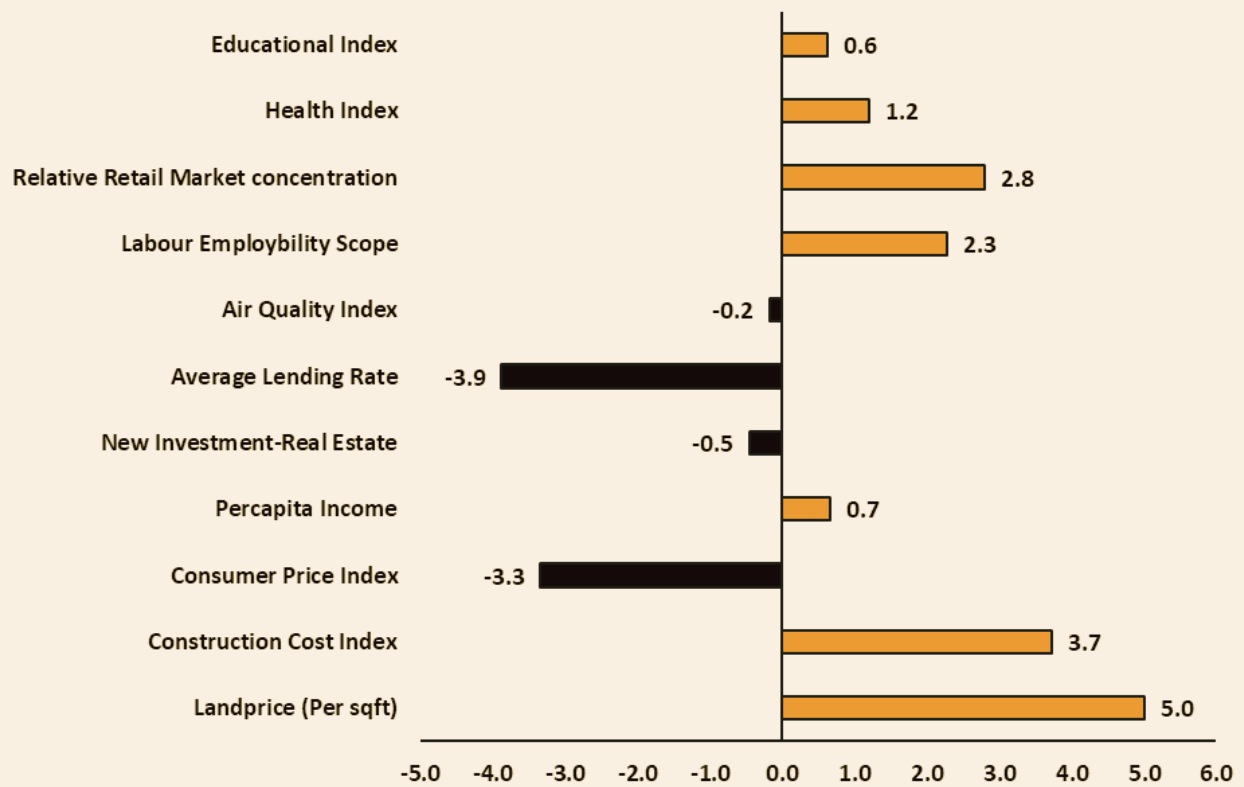
Source:LSI Research Analysis

**Figure 102: Forecast- Rate of Change of Housing Price -Chennai**



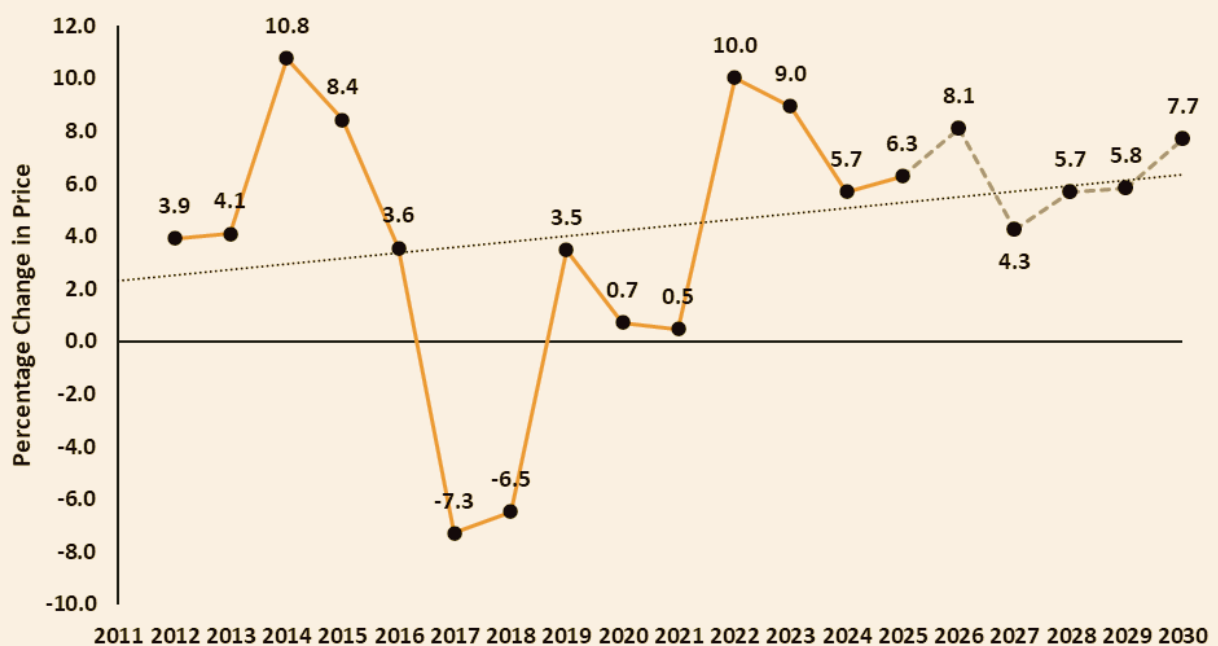
Source:LSI Research Analysis

**Figure 103: Percentage Change in HPI for % Change in Influencing Variable in Jaipur**



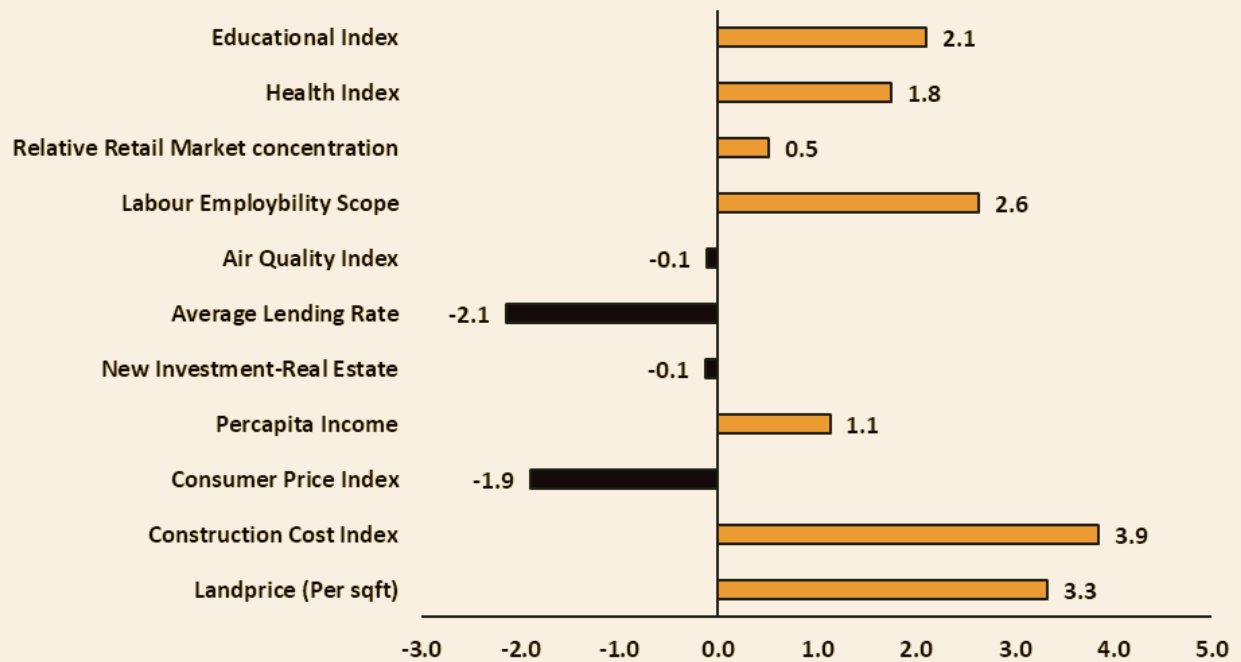
Source:LSI Research Analysis

**Figure 104: Forecast- Rate of Change of Housing Price- Jaipur**



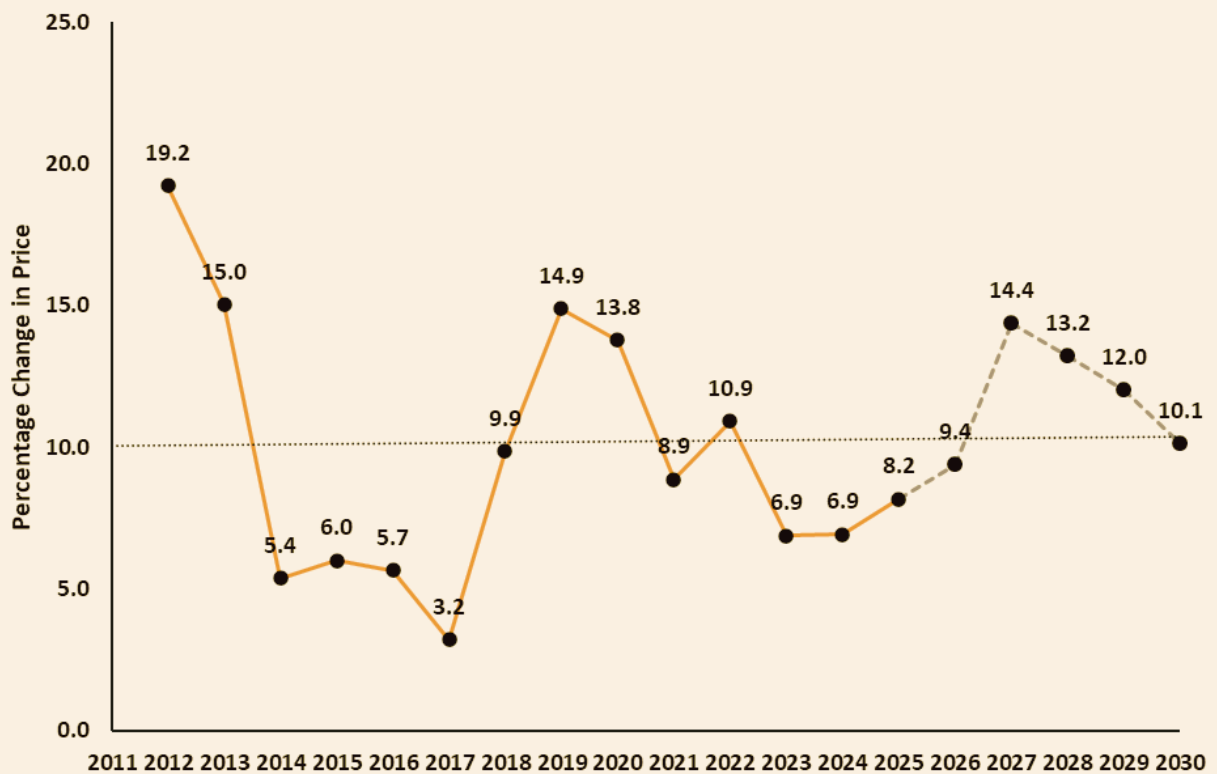
Source:LSI Research Analysis

**Figure 105: Percentage Change in HPI for 1% Change in Influencing Variable in Hyderabad**



Source:LSI Research Analysis

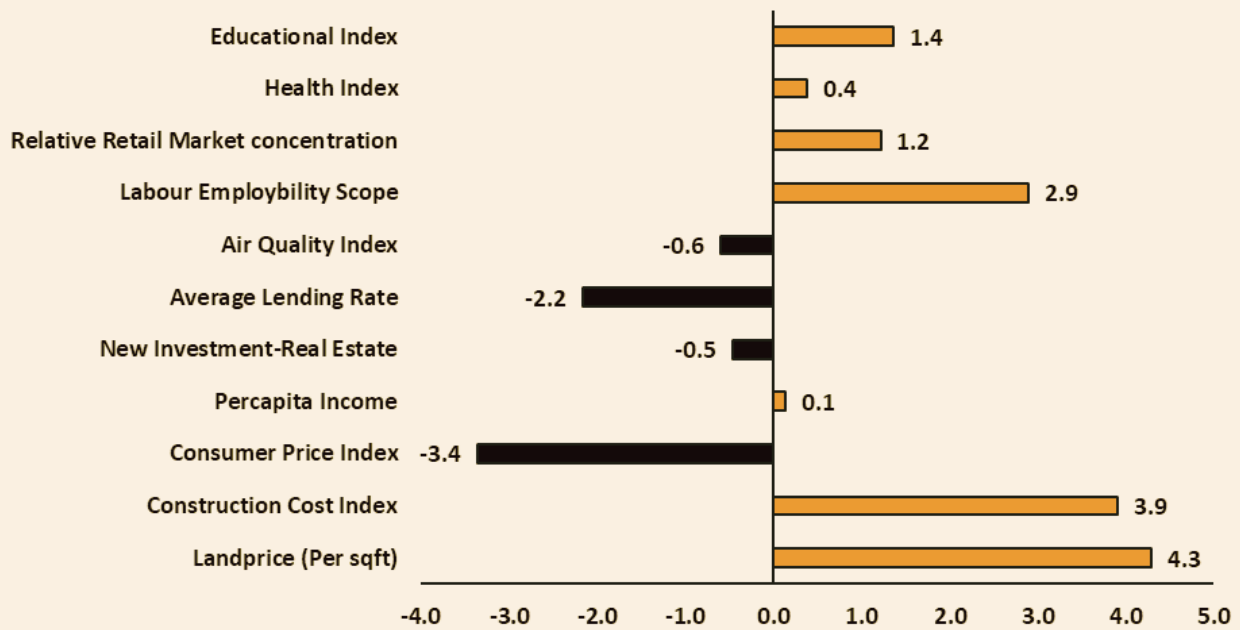
**Figure 106: Forecast- Rate of Change of Housing Price Hyderabad**



Source:LSI Research Analysis

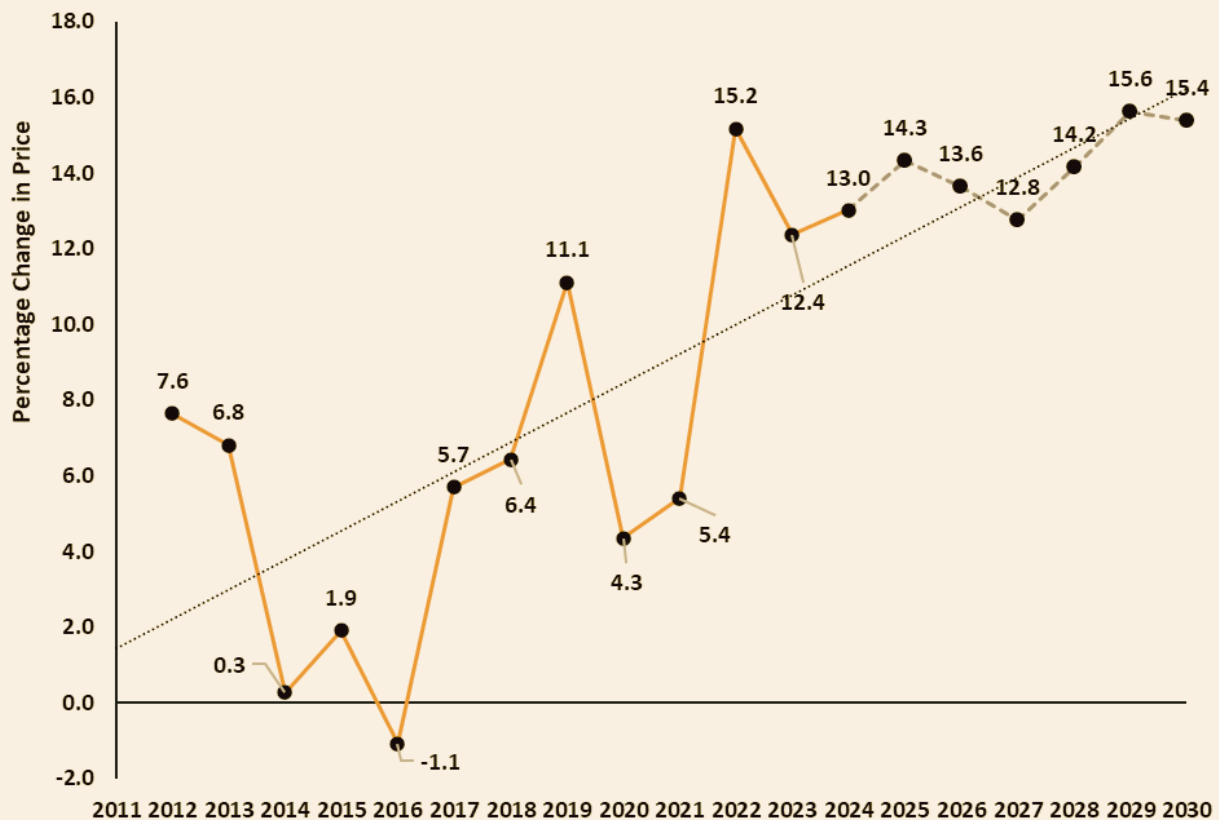


**Figure 107: Percentage Change in HPI for 1% Change in Influencing Variable in Bhubaneswar**



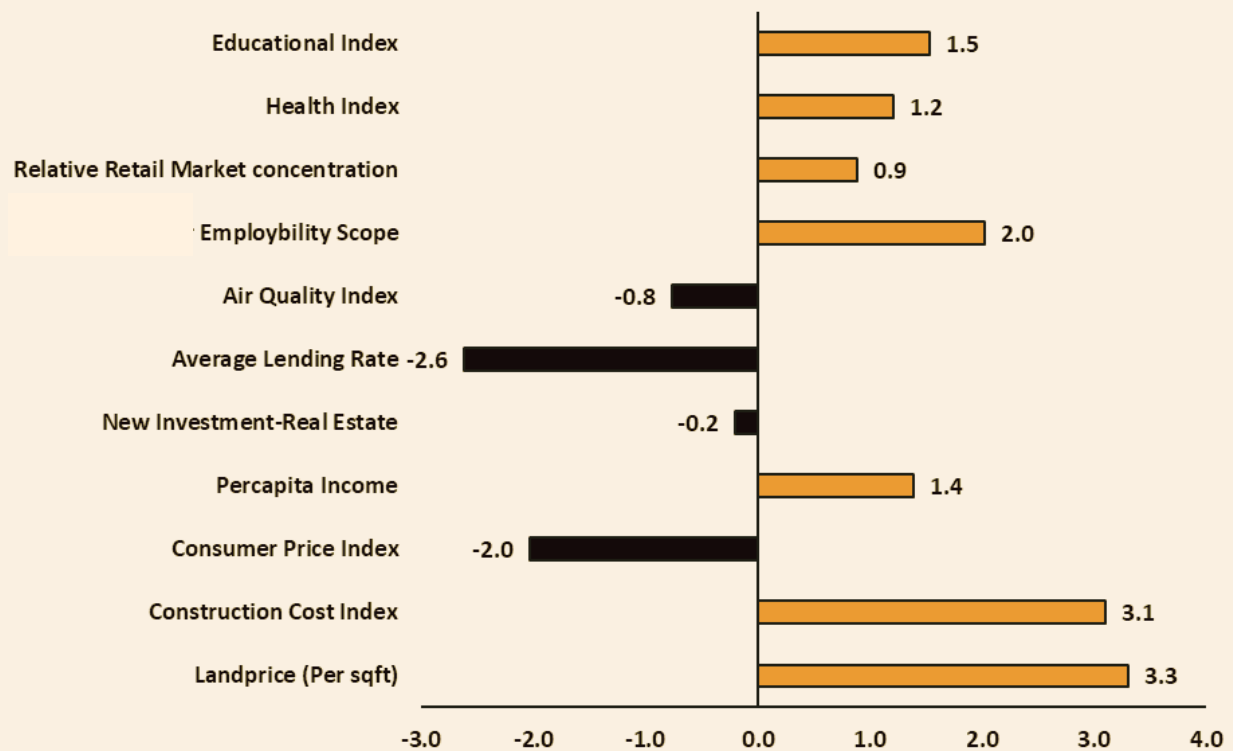
Source:LSI Research Analysis

**Figure 108: Forecast- Rate of Change of Housing Price -Bhubaneswar**



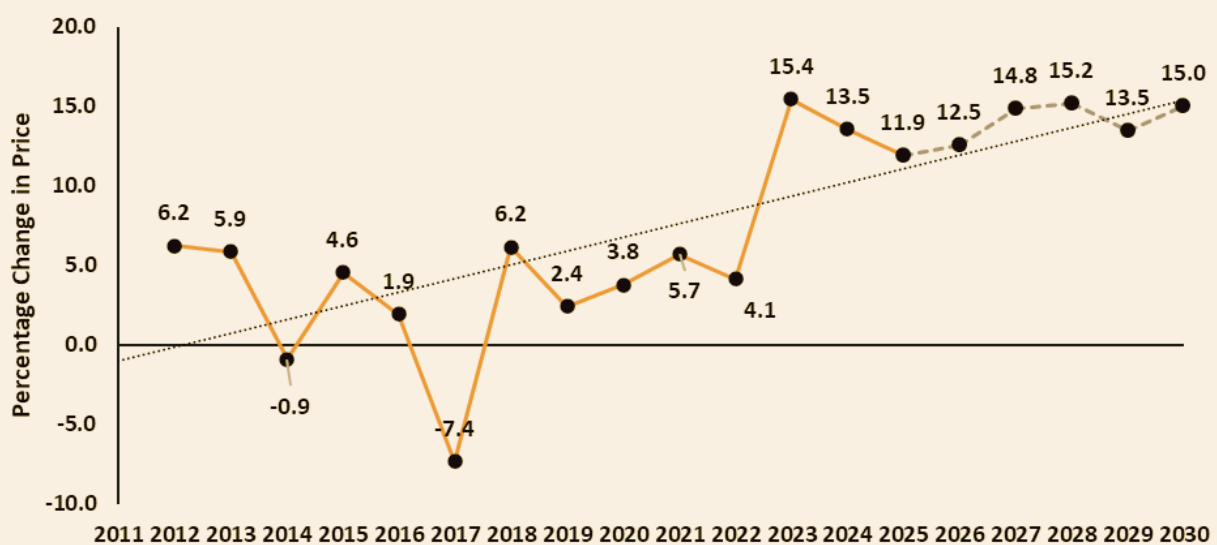
Source:LSI Research Analysis

**Figure 109: Percentage Change in HPI for 1% Change in the Influencing Variable in Chandigarh**



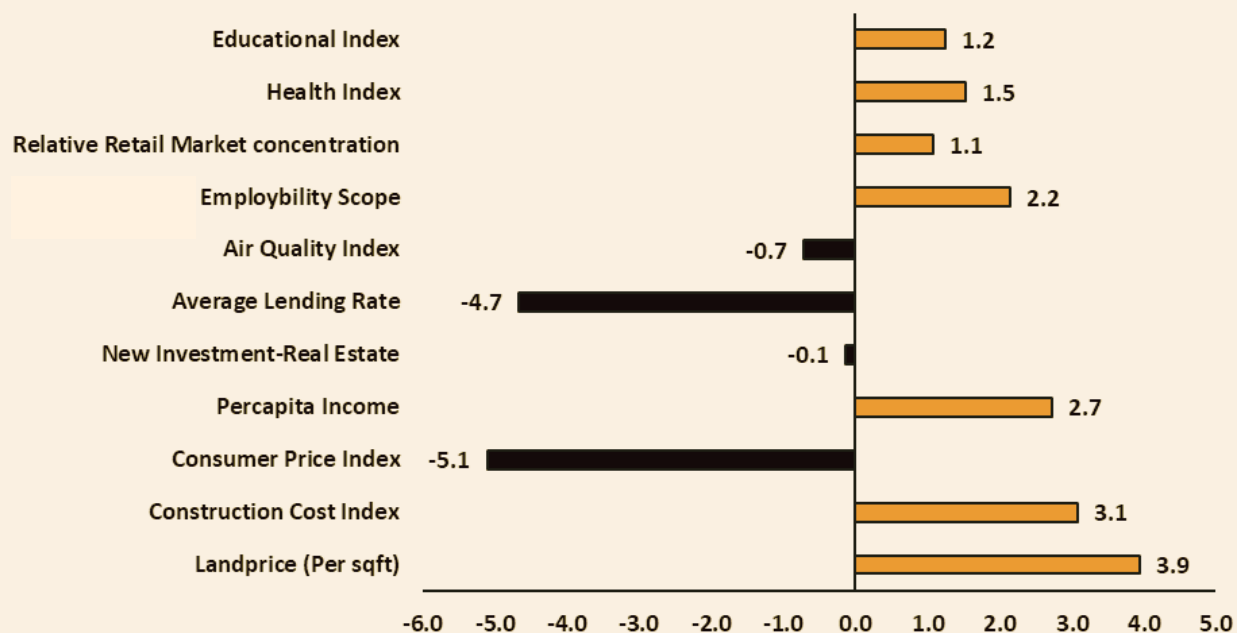
Source:LSI Research Analysis

**Figure 110: Forecast- Rate of Change of Housing Price -Chandigarh**



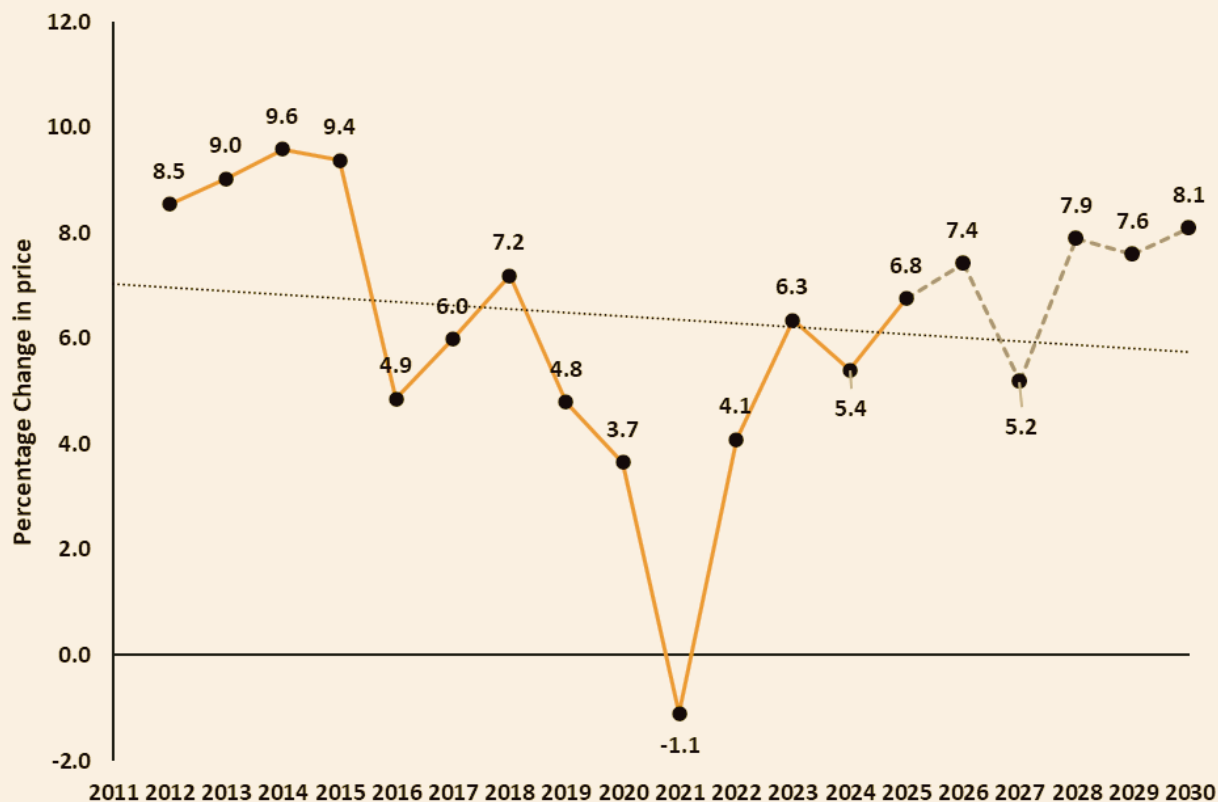
Source:LSI Research Analysis

**Figure 111: Percentage Change in HPI for 1% Change in the Influencing Variable in Pune**



Source:LSI Research Analysis

**Figure 112: Forecast- Rate of Change of Housing Price- Pune**



Source:LSI Research Analysis



## Asset Bubble and Real Estate Affordability

The RPPI and HPI, both significant contributors to GDP, reveal an expanding economy. However, there are gaps in understanding the micro-aspects affecting the Indian real estate market and how macro-factors impact these factors. Addressing these gaps can help coordinate policies and variables to modify micro dynamics through the multiplier effect and impact macro dynamics.

Housing prices rise with the RPPI, increasing real estate companies' profits. This multiplier effect raises GDP contributions and company tax. Policymakers consider sectoral contributions to GDP, including income tax, corporation tax, and consumer basket expenditures. Understanding the macroeconomic dynamics of the real estate industry is crucial for welfare viewpoints and reducing inequality. Affordable housing should consider subsidies and incentives, aiming for incentive and limited liability constraints compatibility. Policymakers aim for efficient markets without government intervention. Addressing glitches and applying economic theories to address housing economics issues is crucial, ensuring market efficiency without government intervention. The real estate sector needs to address microeconomic issues by bridging sectoral gaps and addressing macrodynamic influences, thereby enabling collaboration between macro and micro sectors, leading to a more effective and efficient market scenario.

Market failure in real estate and housing economics can occur due to policy shock and comparative statics, leading to incomplete projects and stagnant buildings. The number of uncompleted projects may be due to a discrepancy between consumer demands and sales, or high costs. This can result in liquidation and insolvency, causing significant financial losses for banks and real estate companies. Banks and companies would lose funding and business generation, while real estate companies would lose their ability to generate revenue from the market.

Developers should aim to lower real estate and housing costs to ensure optimal pricing for consumers and producers, preventing market failures and making the industry more profitable

and accessible. However, overspending on assets can lead to increased costs for broader populations, reducing market potential.

To make the real estate industry more accessible and lucrative, it is essential to assess the advantages for all parties involved, emphasizing the potential market growth and cost advantages of affordable housing. Price discovery is crucial for identifying unaffordable locations due to excessive pricing, preventing market failures and increasing profitability, and addressing cheap pricing for producers and consumers. Emphasizing the potential market growth and cost advantages of affordable housing for all parties involved is essential.

Integrating sustainable components into affordable housing ensures sustainability across all segments. Controlling exorbitant prices is crucial for affordability. Sustainable housing prevents missing markets and maintains a sustainable model. Focusing on reducing prices is essential for a sustainable housing model.

The real estate market is divided into investor-driven price increases and consumer-driven price reductions, a cycle known as a tug of war, which can disrupt price discovery and project intrinsic value.

In reality, the intrinsic value of a real estate project is dependent on how far it is consumable, as per the housing and insolvency crisis of 2008. In such a case, the housing and real estate prices were so exorbitant that there was no consumer to match the price and no consumer knew if there was anyone to buy. This created the asset bubble, as there was so much scope for mortgage. In such a case, the entire consumption sector gets disrupted. The missing market leads to an asset bubble, thus it is important to create a stable and sustainable real estate sector for the entire economy.

Premium property prices over Rs.1 crore are experiencing high demand due to consumers' desire to own this real estate segment for personal consumption and as a liquid asset.

The low or affordable housing segment is experiencing significant demand in the housing and residential real estate sector, with properties

valued below Rs. 35 Lakh rupees often used as passive income sources, rented out, or liquified at the owner's convenience.

The middle price segment, with a median price of around Rs. 60 lakh, often lacks demand for affordable housing in inaccessible locations. Despite this, mid-segment residential real estate is better maintained and created than the low/affordable segment, leading consumers to seek premium and luxury properties. This results in unsold buildings, liquidation, and asset bubbles. The higher relative property to utility and value generated prices for mid-segment properties make them often overlooked in the market, leading to them being unsold.

Banks face financial difficulties when financed real estate becomes outstanding, necessitating price revisions for all three segments to achieve equilibrium pricing, as this can increase outstanding assets volume.

Real estate affordability can be enhanced by distributing the population evenly, reducing demand for clusters, and making prices more affordable. The city's shape and planning can also impact expansion and affordability. Cities with circular or block-like designs increase expansion and affordability, while those without struggle. Urban planning should prioritize income and demographic inequality to combat consumer trade-offs. To make real estate more affordable and accessible, continuity in city planning, housing, and urban planning is essential. Factors like commute time and property spatial distribution influence this trend. New properties in densely populated cities are often unsellable, while those in less congested, remote areas attract buyers.

The trend towards circular or block-like layouts is crucial for efficient expansion and affordability. Affordable real estate aims to distribute population evenly, reduce demand concentration, and balance prices. Urban planning is crucial for growth and affordability, but income inequality and demographic disparities contribute to this. Addressing affordability requires continuity in planning, housing policies, and city design. Circular or block-patterned cities promote expansion and affordability, and investor-consumer tension is crucial.

Unsold inventory in Delhi NCR is primarily owned by builders and bankers, with developers keeping properties outstanding due to risk-appetite. In cities like Kolkata, properties are booked before construction, with builders in Northern India having high risk appetites due to potential profitable sales. Unsold inventory percentage increases in Delhi NCR but not Kolkata, highlighting regional disparities in the real estate market's dynamics due to industrial growth, urban planning, and rising per capita income. Delhi NCR experiences an increase in unsold inventory percentage due to city expansion, while Kolkata has a lower risk appetite due to regional market dynamics.

The real estate sector can be addressed through sustainable development, affordable housing initiatives, and market stabilization measures. This generates economic benefits through corporate taxes, employment, income tax contributions, and industry stimulation. Effective price discovery, balanced urban development, and strategic distribution of real estate clusters are crucial for affordability and profitability. Policy interventions promote market efficiency without excessive government interference.







# 4

## Navigating the Blueprint: India's Real Estate Landscape through Policy, Practice & Progress

## Policy Discourse

The policy implementation process should be practical, with clear deadlines, a tiered strategy, task groups, pilot projects, and a

single regulatory body, incorporating coordination mechanisms, monitoring systems, and capacity building initiatives.

**Table 16: Policy Prescription for the Enhancement of the Real Estate Industry in India**

<b>Exchange rate management</b>	Exchange rate management involves implementing import hedging strategies, establishing investment channels for NRI housing investments, and implementing currency stabilization measures to boost real estate demand and economic growth.
<b>Interest Rate Optimization</b>	Specialized mortgage products with stable rates, interest rate ceilings, differential rates, and subsidies can optimize interest rates, encourage home ownership, and boost the real estate market.
<b>Employment-Housing Linkage</b>	The proposal proposes job-linked housing schemes, integrated employment zones, skill development initiatives, and affordable housing guarantees to boost economic growth, support the real estate market, and create 1.5 million jobs.
<b>Price Discovery and Optimization</b>	Market-based pricing in real estate requires optimization across sectors to prevent asset bubbles and regional price elasticity differences. To enhance market efficiency, standardizing valuation procedures, lowering transaction costs, reducing regulatory load, enhancing dispute resolution, enforcing contracts more strictly, and implementing dynamic price discovery systems are essential. These policies aim to protect consumers, reduce speculative bubbles, and address the "missing middle" in real estate prices. Improving the legal and regulatory environment also simplifies the process of acquiring building licenses and approvals.
<b>Investment Framework Optimization</b>	The strategy aims to streamline approval processes for affordable housing projects investments, provide incentives, monitor progress, and facilitate investor risk-sharing.
<b>Regulatory Framework</b>	The proposed measures include streamlining approval processes for affordable housing, implementing density bonuses, creating special zoning categories, and establishing clear guidelines for mixed-income developments.
<b>Housing Credit Impacts</b>	The plan proposes housing microfinance, specialized REITs, credit enhancement mechanisms, and innovative financing tools for affordable housing, advocating for flexible lending criteria and increased loan access for low-income groups and first-time homeowners. The strategy aims to boost economic stability in the real estate sector by promoting affordable housing options through tax breaks, subsidies, low-interest loans and innovative financing methods, while maintaining equilibrium pricing and strategically dispersing real estate clusters.
<b>Affordable Housing Implications</b>	The government is proposing policies to lower building costs, expedite approval procedures, and promote affordable housing development. It suggests specific subsidies and incentives for developers and homebuyers. The strategy for affordable and sustainable housing should address economic inequality, ensure projects are near public transit, services, and job opportunities, increase government subsidies, and use sustainable building techniques. Creative funding strategies like community land trusts, housing vouchers, and rent control laws can help close the affordability gap.



<b>Market Efficiency and Price Discovery Measures</b>	The real estate market can be enhanced by simplifying rules, enhancing information access, promoting technology usage, strengthening regulatory monitoring, and shortening development time-to-market. A centralized regulatory framework with data transparency can address inefficiencies and promote industry participation.
<b>Market Stabilization Measures:</b>	Market stabilization measures include progressive tax structures, real-time monitoring, maximum holding periods for finished units, and affordable housing conversion procedures, while risk management involves escrow account management, stringent project completion schedules, insurance mechanisms, and explicit liquidation instructions.
<b>Social Impact Considerations</b>	Policy interventions should promote inclusive housing policies for diverse demographics, ensuring social equality and requiring affordable apartments in major developments. This reduces income inequality, boosts productivity, and mandates inclusionary zoning laws for sustainable growth.
<b>Financial Stability</b>	The plan aims to maintain market stability by promoting long-term investments in affordable housing, reducing systemic risks, and enforcing stricter prudential rules for mortgage lenders. It also aims to improve financial inclusion by increasing home financing access for marginalized groups, creating advanced financial services, enhancing financial literacy, and encouraging prudent borrowing. The plan recommends tightening loan-to-value ratios and stress tests for real estate lending institutions, strengthening the financial system to prevent asset bubbles and reduce financing risks, and setting employment targets. Measures include investment structure optimization, banking sector integration, economic multiplier enhancement, new investment vehicles, structured finance products, risk-sharing mechanisms, and investment grade ratings. The financial sector is strengthened through real estate lending risk-assessment guidelines, specialized financing instruments, monitoring systems, workout systems, secondary mortgage markets, REITs, price discovery systems, and transparency in property valuation. The Insolvency and Bankruptcy Code (IBC) is being improved to address risk management and financial stability. This includes pre-booking strategies, strict deadlines for project completion, insurance systems, and precise liquidation standards. Measures include investment structure optimization, banking sector integration, and economic multiplier enhancement. The banking industry is being reinforced to mitigate risks of unsold merchandise and outstanding debts. The financial system is strengthened to protect homeowners from predatory lending and increase credit availability.
<b>Environmental Sustainability</b>	Green housing technologies and sustainable construction practices are crucial for social justice and environmental sustainability. Targeting underprivileged districts for affordable housing initiatives and integrating environmental considerations into urban planning is essential. Climate-resilient construction infrastructure requires energy efficiency, renewable resources, and green practices. Enforcing green building standards and promoting sustainable construction methods is vital. Sustainable investment in the real estate sector is essential for quality construction and timely project completion. Green construction certifications and renewable energy incorporation lower homeowners' long-term expenses. Sustainable housing should be required in both commercial and residential sectors, with incentives for promoting commercial clusters in underserved areas and integrating commercial real estate planning with residential areas. Sustainable growth requires social infrastructure, such as public transit links and universal accessibility requirements. The Sustainable Development Agenda encourages real estate stakeholders to implement environmental standards, promote renewable energy integration, conserve water, establish waste management systems, and enhance social

<b>Environmental Sustainability</b>	infrastructure. Sustainable commercial real estate initiatives require effective waste management, resource efficiency, and green building implementation in environmental regulations to enhance accessibility, reduce travel time, and reduce environmental impact and operational costs in affordable housing developments.
<b>Urban Planning Integration</b>	<p>Urban planning projects should consider housing limitations, spatial distribution, and strategic planning to promote sustainable growth and reduce urban sprawl. Circular or block city design, population distribution, and improved layouts are essential components of urban growth. Strategic urban planning ensures equitable population distribution and prevents excessive demand in certain clusters. Balanced growth results from mixed-use development and integrating residential, commercial, and industrial zones. Spatial distribution strategies, including circular and block-pattern city expansions, satellite township development plans, and transportation corridors, are crucial. Inclusive urban development benefits all inhabitants, not just the wealthy. Increased Floor Space Index (FSI) allows for growth in less crowded regions, provides green buffer zones, and creates mixed-use zones to reduce commutes and improve population dispersal. Efficient urban planning is crucial for managing commuter trade-offs, reducing over-concentration, and strategically distributing affordable housing. Integrated plans prioritize circular city layouts and revise zoning laws to encourage mixed-use construction and thriving neighbourhoods. Regional development balance is achieved through incentives, differential Floor Space Index, region-specific plans, economic zones, and connectivity corridors. Urban growth can enhance real estate accessibility by incorporating transit networks, prioritizing affordable housing on the periphery, and designing city layouts. Land use regulations can inhibit urban sprawl and encourage compact development, while improving access to affordable housing for low- and middle-income households is crucial for addressing urban inequality. Comprehensive urban planning techniques that prioritize walkability, public transit, and green areas are crucial for building thriving, independent communities. Urban growth is a process that boosts tax revenues, jobs, and infrastructure development while reducing real estate prices. Spatial distribution and urban planning are crucial components of urban growth, with systematic city planning promoting circular and block-like shapes for cost and dispersed development promoting suburban and less crowded locations. Decentralizing urban expansion and creating satellite towns can reduce strain on city centres and increase affordability. Urban planning should prioritize mixed-use development, infrastructure investments, green areas, public transit, and walkability to achieve balanced development, enhancing connectivity and promoting walkable communities. Density management encourages mixed-use zones and sets maximum Floor Space Index limitations. Promoting satellite towns and urban sprawl can reduce city centre strain and increase affordability. City layouts should prioritize mid-segment homes and affordable housing. Investing in public transit, infrastructure, and amenities can improve quality of life and make metropolitan areas more appealing. Spatial planning involves city design, density management, peripheral development incentives, mixed-use guidelines, and connectivity infrastructure. Urban growth involves satellite towns, buffer zones, and infrastructural corridors. Housing regulations should accommodate diverse socioeconomic groups to alleviate disparities. Dispersed development attracts residential and commercial enterprises, while building independent communities requires integrating commercial, residential, and recreational areas.</p>
<b>Infrastructure Linkages</b>	Investing in infrastructure development, including improving utilities, public transit, and roads, can boost real estate growth and enhance city quality of life, while ensuring affordable housing and sustainable land use.

<b>Resource Requirements:</b>	The policy intervention requires funding, personnel, and resource streamlining, with technology being a crucial element for cost reduction and efficiency enhancement.
<b>Success Metrics</b>	Regular evaluation of policy measures' effectiveness is crucial, using indicators like housing affordability, market efficiency, and sustainability. Key success criteria include affordability index, implementation rate, beneficiary satisfaction, market stability, and economic effect measurements. Key metrics include a 30% increase in affordable housing stock within five years, 50% green building compliance by 2030, stakeholder satisfaction, market stability, and social integration. The metrics indicate balanced growth rates, reduced inventory, improved affordability, GDP contribution, job creation, tax revenue collection, and stronger multiplier effects.
<b>Regional Variations</b>	The policies aim to regulate regional housing affordability and credit availability, promote balanced growth, and manage market dynamics. They support integrated urban-rural development, addressing challenges rural residents face in accessing credit and affordable housing. The policies encourage regional variations by adjusting policies to reflect real estate dynamics and coordinating with urban planning, industrial expansion, and growing per capita income. Special concerns include guidelines for high-density regions, transit-oriented development, affordable housing zones, price control measures, and planning for expanding cities. Kolkata's pre-booking strategy prioritizes regional development and risk management, distinguishing it from risk-averse NCR builders. Sustainable development, industrial expansion, and urban planning should align with regional real estate dynamics, offer financial assistance, and establish partnerships.
<b>Addressing inequality</b>	Affordable housing issues in residential and non-residential real estate sectors worsen demographic and income disparities, necessitating sustainable planning and execution for non-residential industries like retail and hotel development, and affordability for market failures.
<b>Income Group Impacts</b>	Prioritizing housing affordability policies by increasing financing alternatives, enhancing accessibility through equity-based housing, increase affordability through low-income group housing, and promote market stability to prevent disproportionate favouritism.
<b>Preventing Asset Bubble</b>	A regulatory agency is needed to monitor housing prices, balance supply with affordability, prevent asset bubbles, and prevent overleveraging in the housing and real estate industry by credit control mechanism. Effective inventory management involves efficient price discovery, unsold inventory sales, and consumer-centric pricing strategies. Market stability is maintained through long-term viability metrics and sustainability benchmarks, while risk management includes project viability assessment frameworks and inventory management guidelines.
<b>NRI Investment Effect</b>	NRI investments are focusing on sustainable housing in the Indian real estate market, highlighting its importance for sector inclusivity. To attract investments, tax breaks, currency monitoring, strengthened investment policies, real-time price monitoring systems, early warning indicators, and regular market assessments and debt-to-equity ratios are recommended.



<p><b>Strong Governance</b></p>	<p>India's land titling initiatives prioritize corporate interests over local communities, leading to evictions and a shift in urban development plans. This is exacerbated by the lack of affordable housing and the shift from state-driven to market-based mechanisms. To address this, short-term measures like increasing financial accessibility, medium-term land reform, and long-term sustainable urban planning can reduce housing scarcity, increase foreign direct investment, and improve affordability. The government should reduce its involvement in the real estate sector and encourage market-based solutions. The strategy also aims to balance market efficiency and government intervention, implement quality control, consumer protection measures, and ensure fair competition through strict policy enforcement, government engagement, financial supervision, market structure enhancement, demand and supply balancing, inventory management, and consumer education programs.</p>
<p><b>Macro-Micro Dynamics Integration</b></p>	<p>The framework aims to address sectoral imbalances by combining macroeconomic elements like GDP contribution, corporation tax, and income tax with microeconomic elements like housing affordability and consumer demand. It emphasizes the need for policies that address sustainable pricing, affordable housing, and effective market processes to strengthen the multiplier effect. Robust econometric models and data on micro-level determinants are necessary to close the micro-macro divide. Targeted policy interventions should address both macro-level influences and micro-level issues, maximizing the multiplier effect. To sustain economic growth, it is crucial to balance supply, demand, and pricing of real estate, manage interest rates, and protect homebuyers from fraudulent lending practices. Measures such as GDP contribution enhancement, tax structure optimization, multiplier effect optimization, and GDP growth stimulation are necessary. There is importance in macroeconomic and microeconomic dynamics in sustaining economic growth. It suggests balancing real estate supply, demand, and pricing, managing interest rates, optimizing corporate tax frameworks, developing employment incentives, and implementing value-added tax efficiency. It also aims to boost employment in construction and related sectors through skills training programs and collaborations, thereby stimulating GDP growth. Implementing industry linkage programs, local material usage policies, skill development initiatives, and supply chain integration can boost economic development, stimulate GDP growth, and increase employment in construction and related sectors through tax incentives and skill training programs.</p>
<p><b>Bridging the "Missing Middle" Market Gap:</b></p>	<p>The real estate market faces a "missing middle" issue, which can be addressed by tightening risk management frameworks, enforcing macroprudential rules, promoting price transparency, monitoring market indicators, and mitigating risks for banks. To lower the cost of mid-segment housing, it is recommended to enhance infrastructure and explore innovative financing options. Financial products designed for the middle class, such as flexible repayment plans or low-interest loans, can help address affordability concerns. Market awareness efforts are also needed to inform prospective customers about the opportunities in the mid-segment market. Standardizing pricing and valuation procedures can help prevent asset bubbles. Developers are working to close the "missing middle" market gap by developing high-quality housing solutions, including zoning laws supporting mixed-use development, tax advantages or subsidies for developers, and credit facilities for easier access to loans. Cost-effective building technologies, training initiatives, improved infrastructure, and market efficiency measures should be implemented. Targeted pricing strategies for the ₹35-60 lakh segment, value-proposition alignment between property features and price points, graduated amenity packages, flexible payment structures, hybrid financing models, and price discovery mechanisms are suggested. Market segmentation and product development should focus on underserved middle-</p>

<b>Bridging the "Missing Middle" Market Gap: (contd.)</b>	<p>class customers, implementing flexible payment plans and mixed-income projects for social sustainability. This improves supply chain efficiency, prevent asset bubbles, and explore innovative financing methods to reduce mid-segment home prices. It proposes market awareness initiatives, hybrid financing models, training initiatives, and improved infrastructure. Market efficiency measures include transparent information systems, standardized property valuation methods, efficient dispute resolution mechanisms, and regular market monitoring. Low-interest loans or flexible repayment plans for the middle class are beneficial. To bridge the "missing middle" market gap, regulations, efficient building methods, and innovative financing options are needed. Price discovery mechanisms should be transparent based on location premium calculations, infrastructure availability, amenity value quantification, and construction quality metrics. Market awareness initiatives are suggested to educate potential clients about mid-segment market opportunities. Hybrid financing models, combining private and subsidized funding, are introduced to prevent asset bubbles. Implementation includes early warning systems, monitoring debt-to-equity ratios, and price caps in high-risk markets.</p>
<b>Leveraging Technology</b>	<p>The real estate industry is integrating technology like blockchain and AI to improve data collection, market trend tracking, and policy guidance. This includes investing in modern construction technologies, standardized processes, sustainable practices, and optimized supply chain management. Infrastructure development is prioritized, including multi-modal transportation networks, social infrastructure, smart city technologies, utility corridors, and public amenity standards. IT plays a crucial role in enhancing transparency, promoting confidence restoration, reducing project delays, and providing customized financial solutions. This technology aims to enhance market trend tracking, identify new issues, provide policy guidance, and synchronize infrastructure development with real estate growth.</p>
<b>Policy Interventions to Prevent Market Failure</b>	<p>Consumer protection laws are essential for preventing excessive pricing and ensuring affordability for larger demographic groups. To address missing markets, interest rate subsidies, tax breaks, and reasonable financing plans should be implemented. A balance between government involvement and market efficiency is needed. Standardized pricing procedures, improved data availability, macroprudential laws, risk management systems, and market monitoring can prevent asset bubbles. Targeted subsidies, tax exemptions, and land use rules can encourage mid-segment housing construction. Standardized pricing procedures, improved data availability, and innovative financing techniques are improving price transparency and affordability in mid-segment homes, addressing "obscure, inaccessible locations."</p>
<b>Capacity Building and Education</b>	<p>The initiative aims to improve understanding of sustainable housing, market dynamics among developers, bankers, and legislators, raise awareness of affordable housing options, and increase government subsidies.</p>
<b>Mitigate Price Volatility</b>	<p>Implementing policies to monitor speculative investments, strengthen consumer protection legislation, and strengthen financing standards for expensive houses are crucial to reduce real estate price volatility. Strengthening financing standards for expensive houses, examining investment trends strengthen consumer protection regulations to prevent false information about property valuations. Additionally, encouraging business development and providing corporate tax incentives for community development or sustainable housing programs can boost employment and the economy.</p>
<b>Stakeholder Impact Analysis</b>	<p>Financial institutions are reducing credit risk, developers are boosting affordable housing incentives, consumers have improved access, and the government is boosting social equality and tax revenue.</p>

Source: LSI Research Analysis

**Table 17: Policy Implementation Timeline In Real Estate**

<p><b>Short-term Interventions (0-2 years):</b></p>	<p><b>Medium-term Strategies (2-5 years):</b></p>	<p><b>Long-term Vision (5+ years):</b></p>
<p>The short-term plan involves forming alliances with banks and implementing subsidized loan pilot programs. Phase 1 involves policy development, stakeholder participation, regulatory frameworks, financial incentives, and monitoring mechanisms. Measures include price control, monitoring systems, and financial solutions for middle-segment housing. Short-term measures include creating financial solutions for middle-segment housing.</p> <p>✓ <b>Financial Measures:</b> The proposed measures involve establishing a special fund, providing interest rate discounts for affordable housing loans, and establishing a risk-sharing arrangement for lenders.</p> <p>✓ <b>Regulatory Framework</b> The proposed solution involves implementing a single-window clearance system, harmonising construction regulations, and expediting approval procedures.</p>	<p>Phase 2 of a medium-term plan aims for regional program expansion, technology platform development, and market mechanism enhancement. It introduces incentives for affordable housing developers, infrastructure development, and financing mechanisms. Pilot projects will be implemented in tier-1 and tier-2 cities over 6-18 months. The strategy aims to stabilize the market and implement affordable housing policies over two to five years. Medium-term objectives include infrastructure development, sustainable practices, market efficiency measures, training programs, and technology integration.</p> <p>✓ <b>Infrastructure Development</b> The emphasis is on urban infrastructure improvements, green construction incentives, and transit-oriented development.</p> <p>✓ <b>Market Efficiency:</b> The digital land records system offers standardized property value and an open pricing mechanism.</p>	<p>The strategy aims for nationwide policy implementation in Phase 3, followed by full-scale implementation in Years 4 and 5. Long-term measures include sustainable markets, urban plans, integrated systems, market maturity, and economic stability, with a focus on balanced urban development, stable price mechanisms, sustainable real estate, and efficient housing. Long-term objectives are sustainable development and market maturity.</p> <p>✓ <b>Sustainable Development:</b> Green energy, climate-resilient housing, and smart city integration are crucial strategies for combating climate change and promoting sustainable development.</p> <p>✓ <b>Implementation Challenges:</b> Policy projects face challenges like regulatory barriers, bureaucratic delays, and stakeholder resistance. Strategies must be developed and monitored to address budget shortfalls, property owner opposition, and bureaucratic delays, as well as funding shortages for smaller companies. Delays in land acquisition and funding shortages for smaller companies are obstacles.</p>

Source:LSI Research Analysis

**Figure 113: Monitoring and Evaluation Framework of Policies in Real Estate Industry in India**

## MONITORING AND EVALUATION FRAMEWORK:

The real estate industry is being monitored using a comprehensive framework that uses real-time data, quarterly reviews, and annual audits to assess policy efficacy, establish Key Performance Indicators, and determine housing affordability, sustainability and infrastructure investment. The framework also uses feedback mechanisms, periodic review systems, and adaptation techniques to evaluate economic and social impacts. A centralized data system monitors real-time trends in demand, inventory levels, and housing prices, enabling data-driven policymaking. Regular market evaluations help understand changing homebuyer preferences and identify areas for improvement. The real estate policy monitoring system includes real-time data analytics, recurring policy reviews, and ongoing assessment and modification. Stakeholder interaction is encouraged to ensure policies remain applicable and efficient in addressing real estate dynamics. Evaluations aid in identifying new issues and evaluating policy effectiveness, enabling the real estate sector to better meet customer needs. This system monitors progress, identifies improvement areas, evaluates policy effects, and modifies policies.



### Market Metrics

Home affordability is determined by assessing loan disbursement rate, building completion rate, housing affordability index, green compliance rate, financial risk metrics, and social equality.

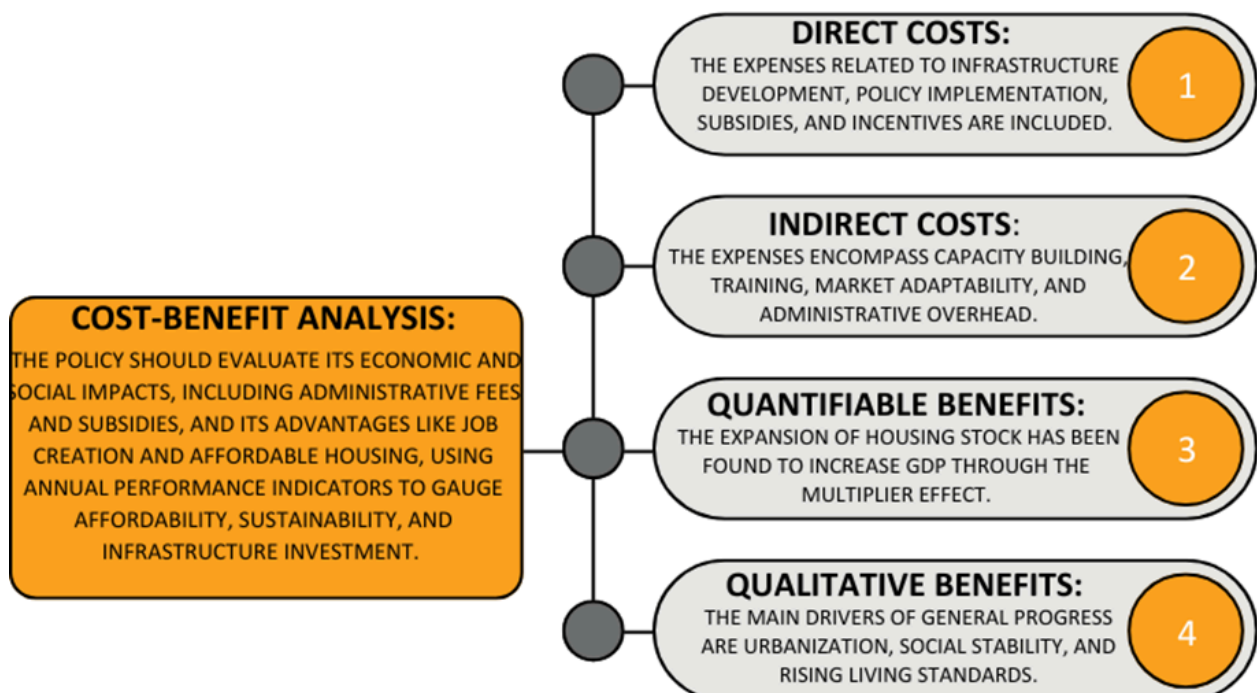


### Social Impact Metrics

The analysis examines the correlation between quality of life metrics, social inclusion index, and beneficiary satisfaction

Source:LSI Research Analysis

**Figure 114: Cost Benefit Analysis of Policies in Real Estate in India**



Source:LSI Research Analysis



## Recommendations and Policies for different Stakeholders in Real Estate in India

The Indian real estate sector, crucial to GDP and employment, faces challenges like high housing costs, regulatory inefficiencies, and affordability issues. To promote sustainable growth, the government and private bodies must adopt targeted policies and recommendations.

### Government

- The Indian government needs to establish a robust regulatory framework to promote transparency and accountability in the real estate sector. This includes examining, re-evaluating, enhancing existing implemented reforms like the RERA and the Benami Transactions Act, digitizing land records, and rationalizing stamp duty and registration charges for affordable housing. Ensuring state enforcement of RERA provisions, addressing disputes promptly, and mandating registration for projects exceeding 500 square meters are also crucial. A clear, credible, and long-term land use planning strategy is also essential. A centralized monitoring body is also needed to ensure uniform compliance and expedite dispute resolution. The digitization of land records is expected to decrease disputes, streamline transactions, and lower the costs associated with title verification. The government should strengthen the regulatory framework and implement the RERA by creating standardized compliance metrics across states, establishing an online portal for real-time tracking of project statuses, and introducing stronger penalties for non-compliance.
- The government should concentrate on restructuring the real estate sector, fostering a competitive market, and expanding the PMAY-U to include more beneficiaries, particularly in Tier-II and Tier-III cities. The government is implementing strategies to expedite the construction of affordable housing and reduce income inequality by offering GST exemptions or reduced rates on essential housing materials and services, as well as incentivizing affordable housing projects and providing credits or rebates for lower-income households. Policies encouraging smaller, more affordable housing units are also crucial. The PMAY should be expanded and improved to address urban housing shortages for economically weaker sections, including EWS/LIG and MIG categories, by providing permanent homes, streamlining application and approval processes, and increasing subsidies and interest rate concessions. Targeted financing for affordable housing should be introduced through tier-based subsidies, special economic zones for affordable housing, and a dedicated Affordable Housing Fund with contributions from both public and private sectors. The government should address the shadow economy in real estate to reduce unaccounted money. Tax incentives for developers who allocate a significant portion of their projects to affordable housing can incentivize private participation. REIT specifically for affordable housing to attract institutional investors and provide low-cost capital. The government's creation of a government-backed credit guarantee fund can mitigate the risk of banks lending to affordable housing projects, thereby boosting credit flow.
- Investing in data collection and analysis to understand macroeconomic dynamics of housing affordability for informed policymaking leverages predictive analytics to anticipate future real estate needs and creating a centralized database for efficient portfolio management. Big Data and predictive analytics must be encouraged to transform real estate information into valuable recommendations for top officials. Institutionalizing data-driven decision making by establishing a Real Estate Data Repository that tracks Price-to-Income ratios, industry competitiveness metrics facilitates transparency.
- Structural reforms for competitiveness, implementing rigorous and standardized measurement of key metrics like the Property Transaction Index must be advocated by the government. The government should develop a national real estate database to improve market transparency and inform policy decisions.



- The government should encourage public-private partnerships to finance real estate projects, reducing public debt and stimulating economic growth. Clear guidelines and regulations are crucial for transparency and accountability. Portfolio management should be centralized, and a robust framework for public-private partnerships in affordable housing should be created. This will reduce delays and cost overruns, making these projects more attractive to private investors. This will also streamline approval processes for public-private partnerships projects.
- Reforming land use planning and implementation is crucial to address high housing prices. A centralized authority with stakeholder representatives can create comprehensive urban development plans, enforce zoning regulations, streamline approval processes, and introduce time-bound clearances for housing projects.
- The government should implement skill development programs for construction workers and real estate professionals to address skill shortages and enhance productivity. These programs should also promote women's participation in the industry, fostering a more inclusive and skilled workforce, thereby boosting employment generation. Government investment in skill development ensures a skilled and productive workforce.

## **Private Bodies**

- Private entities, including developers and real estate companies, must adhere to regulatory frameworks like RERA, ensure timely project completion, and provide transparent pricing. They should also invest in technology and data analytics to understand market trends, identify investment opportunities, and improve operational efficiency. The aim is to create a robust, transparent, and sustainable real estate sector in India through ethical practices, innovation, workforce training, user satisfaction, and community engagement. These policies can significantly contribute to economic growth and societal well-being by fostering a collaborative environment.
- Investing in technology and data analytics can provide private entities with valuable insights into market trends, identify investment opportunities, and improve operational efficiency. Collaboration with financial institutions is essential for innovative financing solutions for homebuyers. Sustainable building practices minimize environmental impact and enhance long-term value. PropTech solutions can improve efficiency, reduce costs, and enhance customer experience. Predictive analytics align projects with market needs, driving innovation in the real estate sector. Employee training programs can improve efficiency and reduce project delays. Labour-intensive construction methods can generate jobs, contributing to economic growth and poverty alleviation.
- Financial institutions should create affordable mortgage products for diverse homebuyers, use technology to streamline loan processing, collaborate with developers for pre-approved loans, and implement robust risk assessment models to manage property price fluctuations, ensuring accessibility and affordability for affordable housing projects. Implementing robust risk assessment models to manage the potential impact of property price fluctuations on loan portfolios is crucial.
- Financial institutions should develop innovative financing models, such as specialized mortgage products with graduated payment structures, to align with income growth projections of young professionals. Banks could introduce "rent-to-own" models, where a portion of rent goes towards eventual home ownership, making homeownership more accessible for younger demographics. Collaborating with banks and NBFCs can offer step-up EMI and longer loan tenures, while adopting green financing can support energy-efficient housing projects. Developers should diversify their offerings, including compact, efficient homes, co-living spaces, micro-housing, and serviced apartments, to cater to evolving lifestyle preferences while maintaining affordability.
- Public-private partnerships are crucial for urban regeneration and affordable housing development, leveraging the strengths of both public and private sectors. Financial literacy and consumer education programs should target first-time homebuyers, especially from lower and middle-income segments. Developers should participate in these partnerships, leveraging government support to reduce costs and risks. Innovative financing models like rental housing and lease-to-own schemes can make housing more accessible to low-income groups. Active participation in public-private partnerships to develop affordable housing and infrastructure projects is strongly encouraged.

- The private sector can establish an independent Real Estate Standards Council to promote industry-wide best practices, standardized contracts, and quality benchmarks. Technology-driven efficiency improvements like Building Information Modelling and IoT-based project management can significantly reduce construction timelines and costs.
- An important trend which can be carried out by the private bodies in commercial real estate sector is the integration of bioclimatic architecture principles into building design. Bioclimatic architecture emphasizes the use of natural resources, such as sunlight and wind, to optimize indoor environmental conditions while minimizing energy consumption. Research in this area is increasingly focusing on the development of new design methodologies that incorporate bioclimatic principles to enhance energy efficiency in buildings. The convergence of AI with bioclimatic architecture presents a promising avenue for achieving higher energy savings and improving building performance.

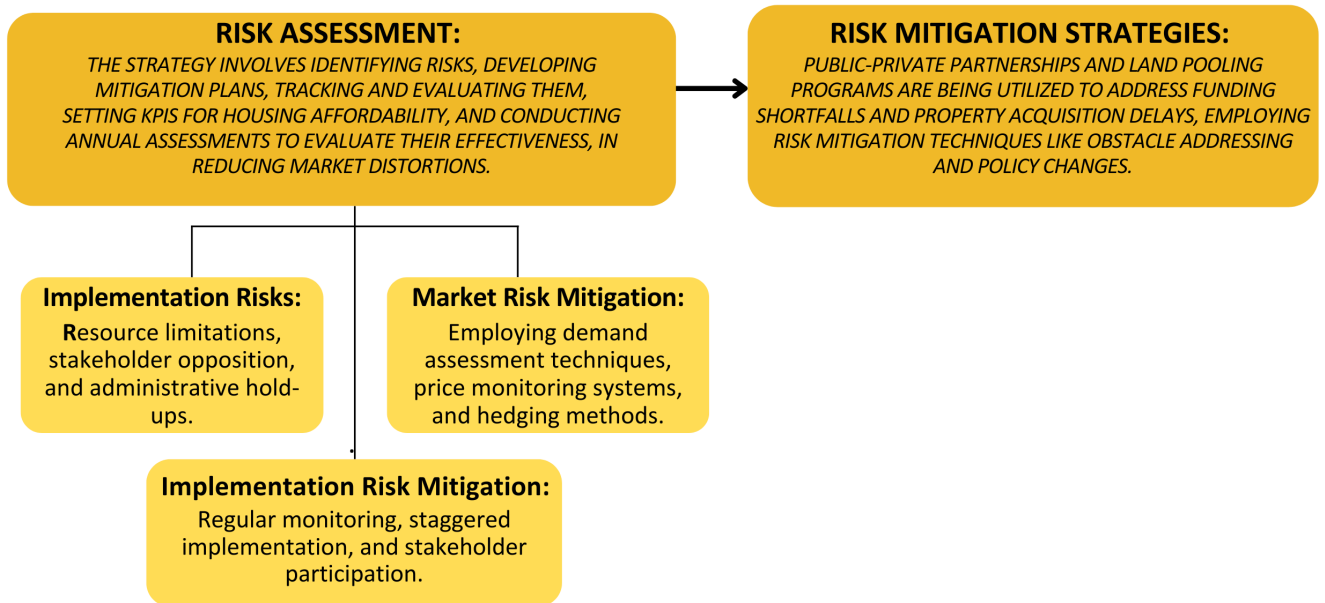
## Regulations

In 2024, India's real estate regulatory environment is complex, involving investment mechanisms, sustainability efforts, and frameworks like the Real Estate (Regulation and Development) Act, 2016. The Indian Green Building Council, RERA, Ministry of Housing and Urban Affairs, and SEBI balance investor

protection, environmental sustainability, and market transparency, responding to government reforms, digital transformation, and urbanization trends. The market is regulated by Green Building Regulations for sustainable development and REITs for investment flexibility and liquidity.



**Figure 115: Risk Assessment as a Policy in Real Estate Industry in India**



Source: LSI Research Analysis

**Table 18: Additional Recommendations for Different Stakeholders in Real Estate Industry in India**

<p><b>For Developers:</b></p>	<p>Developers should prioritize project quality, completion, market demand matching, sustainability, openness, and communication. They should focus on high-demand markets, block-pattern or circular urban planning, mixed-use developments, and high-demand regions. Risk management techniques include pre-booking models, phase-wise building plans, and reliable project monitoring systems. Sustainable elements, adaptable space designs, high-quality construction, and amenities should be incorporated into product creation to reduce environmental impact and save costs. Developers should offer both premium and affordable housing, conduct in-depth price discovery and market research to match real estate pricing with customer preferences. Project completion and quality construction are prioritized, and transparency and communication are maintained throughout the project lifetime. Risk management techniques minimize problems such as delays, overspending, and market changes. Ecological elements across all price classes and flexible spaces that can adapt to changing market demands are essential components of strategic pricing and product diversification. Urban planning cooperation is crucial for building projects aligned with circular or block-patterned urban layouts. Developers should focus on finishing current projects, focusing on block-pattern or circular areas, mixed-use developments, and high-demand markets to reduce project abandonment risk and ensure long-term value. Developers should balance risk and consider regional dynamics to reduce unsold inventories and over-concentration. They should focus on high-demand segments, assess middle-segment projects, implement region-specific strategies, and prioritize developments in cities with circular or block-pattern layouts. Pre-booking strategies in prosperous areas and phased building plans can reduce project abandonment and ensure long-term value. Sustainable features should be incorporated into designs to reduce environmental impact and save costs. Offering both premium and affordable housing is crucial to fill the "missing middle" market. Strategic pricing, product diversification, risk management, project viability analysis, phased construction plans, inventory control, and exit plans are essential components. Urban planning cooperation involves collaborating with planners and politicians.</p>
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<p><b>For Investors</b></p>	<p>The Indian real estate sector is undergoing significant changes, emphasizing quality, completeness, market demand, sustainability, transparency, and risk management. Investors should diversify their portfolios, conduct thorough due diligence, and align investments with environmental, social, and governance principles. Developers should prioritize project completion and high-quality construction, considering exchange currency fluctuations, employment growth markets, and macroeconomic factors when developing investment plans. Investments in finished and under-construction properties should be balanced, with areas with robust infrastructure development plans being the main focus. Risk reduction components include thorough research on developer track records, investing in clear titles and permissions, considering currency hedging for large investments, and maintaining a sufficient cash buffer for ongoing projects. To support affordable and sustainable housing efforts, investors should diversify their holdings across residential, commercial, and industrial real estate and concentrate on asset value. Implementing strategies such as REITs, long-term investment horizons, solid infrastructure development plans, due diligence on developer track records, clear titles and approvals, currency hedging, and maintaining a healthy liquidity buffer can significantly enhance the growth and attraction of customers and investors in the Indian real estate industry. To mitigate risk in the Indian real estate industry, investors should conduct thorough risk assessments, considering factors like the developer's track record, financial stability, location, price appreciation potential, and market indicators for asset bubbles. They should also align investments with governance, social, and environmental values. Diversification strategies should include high-demand categories, regional market dynamics, urban planning patterns, and sustainable projects. By following these guidelines, investors can build a well-rounded portfolio that supports long-term and profitability, boosting the Indian real estate industry's growth. The Indian real estate industry can be boosted by implementing sustainable projects, assessing urban planning trends, diversifying across price points, and considering regional market dynamics, while risk assessments should consider factors like developer track record, financial stability, and asset bubbles. Implementing these strategies can boost the Indian real estate industry's growth and attract investors.</p>
<p><b>For Consumers</b></p>	<p>Before purchasing a property, consumers should conduct thorough research on developers, projects, and market conditions. They prioritize quality, location, future value, and long-term investment possibilities. Then they consult financial advisors, real estate brokers, and attorneys for expert advice. It imperative to avoid speculative investments and focus on initiatives with solid demand and fundamentals. The financial institutions should consider lower interest rates, planned infrastructure development, and streamline ownership costs. Financial planning should include a larger down payment percentage, fixed-rate loans, currency swing analysis, and creating an emergency fund for EMI payments. The consumers must choose properties with strong infrastructural connectivity, potential for value growth, and sustainable qualities. Then the consumer should verify project permissions and completion dates for informed decisions. It is of utmost importance for the consumer to be cautious of speculative investments and match property prices with affordability, total ownership costs, and location vs price trade-offs. Focusing on projects leads to high demand and solid foundations, ensuring long-term cost savings and environmental sustainability. The consumers will be in a better position if they follow these recommendations</p>



<p><b><i>For Banks &amp; Financial Institutions:</i></b></p>	<p>Banks and financial institutions are implementing responsible lending policies to reduce credit risk and ensure the long-term viability of the real estate industry. They are conducting thorough risk evaluations of borrowers and projects, prioritizing funding for ecologically friendly and sustainable initiatives, and making it easier for qualified borrowers to obtain financing, especially for projects like affordable housing. They are also monitoring market developments and adjusting lending guidelines as necessary. To mitigate risks, banks are developing stringent criteria for financing projects, expanding affordable housing financing, prioritizing sustainable and environmentally friendly initiatives, improving credit access for eligible borrowers, and monitoring market trends to adjust lending policies. They are also developing segment-specific risk assessment models, stricter monitoring for mid-segment projects, and creating specialized products for affordable housing. Prudent lending practices are being adopted to minimize credit risk and ensure the sustainability of the real estate sector. Risk management strategies include monitoring project progress, implementing early warning systems for potential defaults, maintaining balanced exposure across property segments, and creating workout strategies for stressed assets. These measures aim to minimize exposure to unsold inventory risks and promote ecologically friendly and sustainable initiatives. Banks are implementing strict criteria for financing real estate projects, expanding affordable housing financing, and promoting equilibrium pricing to align with consumer affordability and market dynamics. They conduct thorough risk evaluations for borrowers and projects before granting loans, focusing on the affordable housing segment. They also implement strategies to mitigate risks in the real estate sector, including stringent criteria for financing projects in high-risk areas, avoiding Non-Performing Assets (NPAs), minimizing exposure to unsold inventory risks, and expanding affordable housing financing for developers and consumers. These measures aim to ensure sustainable and environmentally friendly financing for sustainable and environmentally friendly projects. The company is implementing a financing approach that includes risk evaluations for mid-segment homes, specialized affordable housing products, and project progress monitoring. They are establishing specialist teams to evaluate real estate projects, maintaining balanced exposure across property segments, and implementing robust monitoring mechanisms. Their main focus is product creation. They can mitigate risks through lending strategy, risk management, and monitoring project progress.</p>
<p><b><i>For Government and Regulatory Bodies</i></b></p>	<p>The government and regulatory bodies are working together to strengthen the regulatory framework, promote sustainable urban development, rectify market imbalances, increase transparency and accountability in the real estate industry, and encourage innovation in financing methods and construction technologies. This strategy aims to resolve market imbalances, promote sustainable urban growth through land use rules, infrastructure development, and urban planning, streamline procedures, and improve transparency and accountability in the real estate sector. Policymakers are also focusing on market development, supporting financial instruments and REITs, creating secondary markets for mortgage securities, price discovery systems, and standards for property assessment. Urban planning is given priority, with an emphasis on mixed-use development zones and circular or block-pattern city layouts. Initiatives include streamlining regulatory processes, promoting sustainable urban development through land use policies, infrastructure development, and urban planning, addressing market imbalances through measures like oversupply or under-supply, enhancing transparency and accountability in the real estate sector, and encouraging innovation in construction technologies and financing mechanisms. Housing policies aim to strike a compromise between affordability objectives and market efficiency, fostering collaboration between developers, banks, investors, and policymakers to address sectoral gaps and promote a stable real estate market. Public-private partnerships drive affordable and sustainable housing initiatives, and consumer awareness campaigns educate consumers about affordable housing</p>



<p><b>For Government and Regulatory Bodies (contd.)</b></p>	<p>options and financing options. Regular market dynamics monitoring ensures timely interventions and adjustments to strategies. Policymakers are also promoting incentives for affordable housing development, sustainable development guidelines, infrastructure corridors, clear zoning regulations, transparent price discovery mechanisms, and circular or block-pattern city development. Policymakers and urban planners are focusing on balanced urban development, ensuring city expansion, affordable housing, and reduced demand concentration in specific clusters. They are also encouraging real estate projects in less crowded and remote areas with proper infrastructure development and subsidies. Speculative practices in the real estate sector should be monitored to prevent asset bubbles and market failures. The government and regulators are working together to promote sustainable urban development and streamline regulatory procedures. They aim to improve the regulatory framework, address market imbalances, enhance transparency and accountability, and foster innovation in construction technologies and financing mechanisms. Policymakers are focusing on circular city development, density management guidelines, infrastructure corridors, clear zoning regulations, transparent price discovery mechanisms, and sustainable development guidelines. They are also monitoring the market for potential asset bubbles and enhancing the regulatory environment to encourage innovation in building technology and finance methods. The government and regulators are collaborating to promote sustainable urban development and streamline regulatory procedures. They are focusing on circular city development, density management guidelines, infrastructure corridors, clear zoning regulations, transparent price discovery mechanisms, and affordable housing incentives. Housing policies aim to balance affordability with market efficiency, using public-private partnerships for affordable and sustainable initiatives. They are also monitoring the market for potential asset bubbles. The government and regulators are collaborating to promote sustainable urban development, streamline regulatory procedures, and monitor the market for potential asset bubbles.</p>
<p><b>For Urban Local Bodies</b></p>	<p>Urban local bodies are prioritizing infrastructure development, including residential connectivity, social infrastructure, sustainable waste management, green spaces, and community areas, while enforcing zoning laws and maintaining transparent approval procedures.</p>

Source:LSI Research Analysis





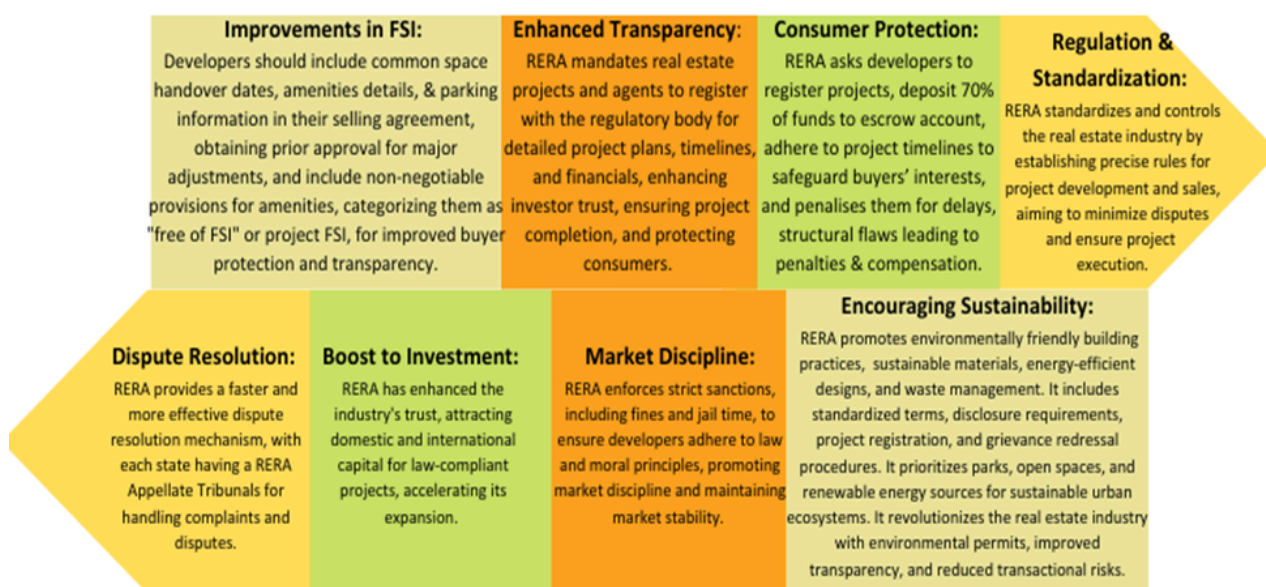
## Key Regulatory Bodies in the Indian Real Estate Industry

Figure 116: Key Features of RERA

### Real Estate Regulatory Authority (RERA):

The Real Estate Regulatory Authority (RERA) is an Indian regulatory body overseeing real estate projects, established under the Real Estate (Regulation and Development) Act of 2016. Its objectives include protecting stakeholders, enhancing efficiency, accountability, and transparency.

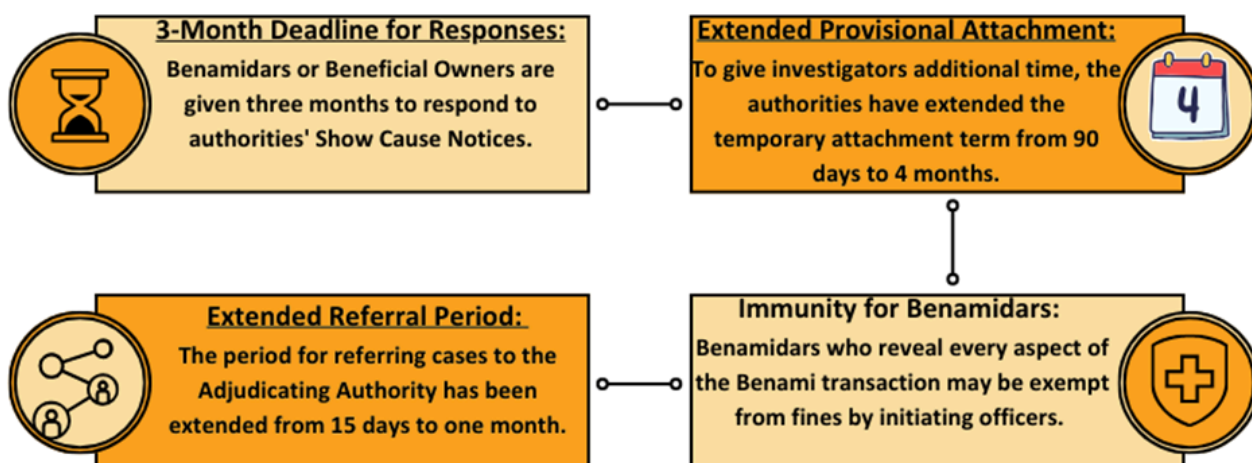
The RERA requires brokers and projects to register, adhere to deadlines, and submit thorough project data. The All-India Forum of RERAs (AIFORERA) aims to protect homebuyer rights.



Source: LSI Research Analysis

Figure 117: Key Features of Benami Transactions Act Amendment to the Benami Transactions Act:

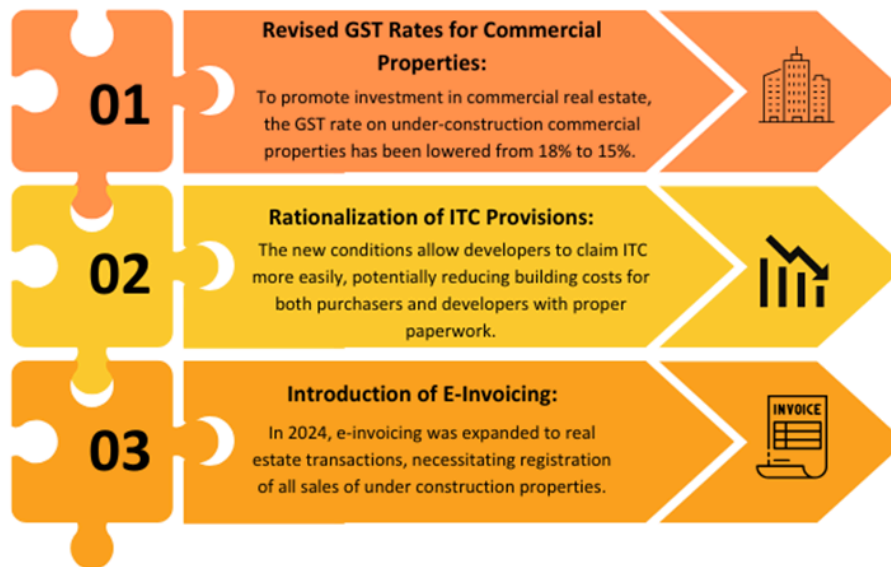
The Benami Transactions (Prohibition) Amendment Act, 2016, was introduced in India in 2016 to combat corruption and black money. This led to cleaner, more transparent real estate markets and enhanced enforcement.



Source: LSI Research Analysis

**Figure 118: Key Features of GST in Real Estate Industry**

Goods and Services Tax (GST) introduced on July 1, 2017, replaced multiple levies with a single tax, simplifying homebuying and reducing the total tax burden on purchasers. This change boosted affordability and stimulated the real estate market by reducing complications from taxes like service tax, VAT, and excise duty, resulting in a 11% reduction in tax outlay.



Source: LSI Research Analysis





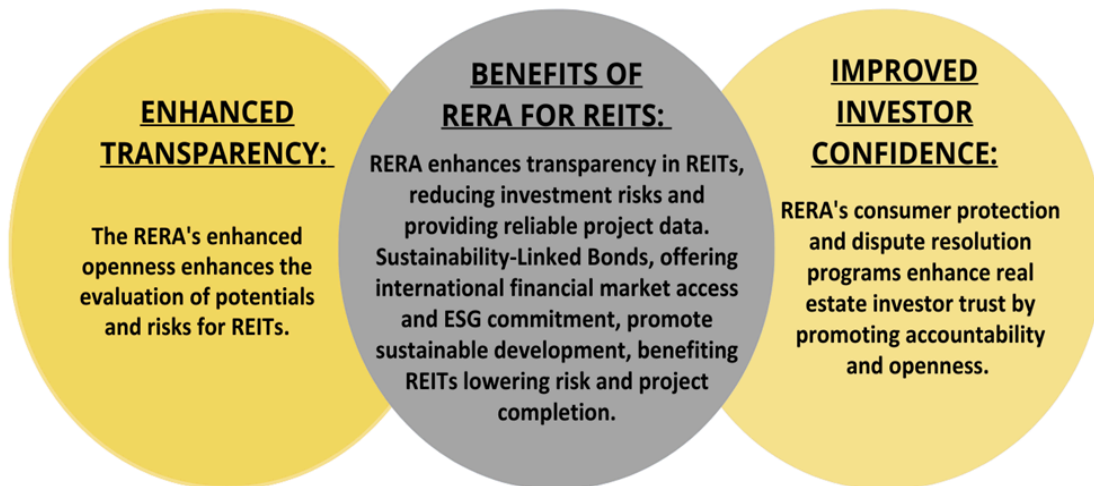


## Symbiotic Relationship between RERA and REIT

RERA's increased accountability and transparency have significantly impacted India's REIT industry, fostering increased

investor trust in REITs. This mutually beneficial relationship between RERA and REITs has created a strong investment environment.

*Figure 119: Symbiotic Relationship between RERA and REIT*



*Source: LSI Research Analysis*



**Table 19: Regulations in Real Estate Industry in India**

<b>Indian Contract Act, 1872:</b>	The Indian Contract Act, 1872 governs contracts, including real estate transactions, by outlining parties' rights, responsibilities, and duties, ensuring legally binding and enforceable agreements.
<b>Registration Act, 1908, and Indian Stamp Act, 1899:</b>	The Registration Act, 1908, and the Indian Stamp Act, 1899 are laws that regulate property transaction registration, stamp duty payment, and ensure legal recording of property transfer documents.
<b>Indian Succession Act, 1925</b>	The act regulates property succession, ensuring the legal basis for asset transfer following the owner's death, whether testamentary or intestate.
<b>Foreign Exchange Management Act, 1999 (FEMA)</b>	FEMA oversees foreign investment in India's real estate market, establishing guidelines for international companies and Indian non-residents looking to buy or invest in real estate.
<b>Rehabilitation &amp; Resettlement Act, 2013</b>	The legislation ensures fair treatment and legal recourse for individuals displaced by development projects by outlining government processes for land purchase, compensation, rehabilitation, and relocation.
<b>Environmental Protection Act, 1986</b>	The Environmental Protection Act of 1986 is a statute designed to prevent and manage environmental contamination.
<b>Ministry of Housing and Urban Affairs (MoHUA)</b>	MoHUA is the federal agency responsible for developing and implementing housing and urban development policies, particularly concerning affordable housing and real estate industry regulations.
<b>State Urban Development Authorities</b>	State-level organizations are responsible for urban planning, development, and regulation within their respective authorities.
<b>Local Municipal Corporations</b>	Building plan approval, property tax collection, and other real estate-related municipal services are the responsibilities of local governments.
<b>Town and Country Planning Acts:</b>	State-level laws that control urban growth, zoning, and land use are known as Town and Country Planning Acts.
<b>Environmental Protection Agency (EPA):</b>	The EPA is responsible for enforcing environmental laws and ensuring compliance with environmental standards.
<b>Urban Local Bodies</b>	Municipal corporations and local entities significantly contribute to urban planning and infrastructure development by facilitating building permits, land use planning, and infrastructure development.

Source: LSI Research Analysis





## Green Buildings

India's green building market is projected to grow at a 20% compound annual rate between 2019-2024, with over 14 billion square feet of green building area expected by 2024, representing an astounding 86.7% cumulative growth since 2019. The Indian Green Building Council's certification led to a premium for green-certified buildings, with green-certified buildings fetching a premium of 10–15% over traditional construction, which have shown environmental benefits, like reducing greenhouse gas emissions by 40 million tons in 2022, conserving 45 billion kWh of electricity, and saving 14 billion litres of water. The Indian

Green Building Council (IGBC), Green Rating for Integrated Habitat Assessment (GRIHA), and Leadership in Energy and Environmental Design (LEED) are regulatory bodies and measures used in navigating Green Buildings. Green building certifications like LEED and IGBC Green Homes enhance market value, accountability, transparency, and environmental norms for properties over 10 billion square feet. IGBC is a prominent Indian organization that promotes green construction techniques by offering materials and certifications. One globally renowned green building certification scheme is LEED).

**Figure 120: Drivers of Green Building Adoption:**



Source: LSI Research Analysis





## Challenges in Real Estate

The Indian real estate faces challenges like market volatility, regulatory barriers, and transparency for long-term stability and growth.

**Table 20: Challenges in Real Estate Industry in India**

<b>Legal Complexities</b>	Legal complexities in zoning and property rights transactions can hinder transactions, necessitating hiring legal professionals and thorough due diligence.
<b>Regulatory Barriers</b>	Regulatory difficulties include complex rules, frequent policy changes, state-to-state variations, long approval procedures, and numerous state and federal restrictions.
<b>Market Segmentation Challenges</b>	The market faces segmentation challenges due to high demand for premium and affordable housing and a missing middle segment of approximately 60 lakh people.
<b>Demand-Supply Mismatch</b>	Addressing supply-side restrictions is crucial to resolve this mismatch. The real estate sector faces market volatility due to economic downturns and cyclical conditions, causing reduced demand and stagnating property values. Adaptive strategies include diversifying portfolios, focusing on properties with steady demand, considering price volatility, market structure, and economic changes.
<b>Financial Constraints</b>	Rising housing costs are causing asset bubbles and unsold inventories, while high interest rates, strict lending regulations, and lack of institutional finance constrain finance. Affordability concerns impact developers and purchasers, necessitating affordable housing programs and environmentally friendly building techniques. Incomplete buildings and unpaid real estate assets pressure banks' finances, while high interest rates restrict developers' funding access.
<b>Technology Adaptation</b>	The sector's slow adoption of technology can hinder productivity and quality assurance, necessitating adaptation to new technologies like data analytics and virtual tours. However, organizational culture changes are also necessary. Factors like supply chain disruptions, infrastructural issues, cost increases, and insufficient finance can cause delays in project implementation. Manual labour and outdated building processes may hinder the adoption of contemporary construction technologies.
<b>Affordability issues</b>	The real estate sector faces affordability issues due to environmental restrictions, changing consumer preferences, urban development challenges, population pressures, and housing shortages. Agents can attract eco-conscious customers by promoting smart and energy-efficient homes. However, policy gaps in urban planning and affordable housing, higher construction costs, lack of knowledge, and limited access to green materials persist.

Source: LSI Research Analysis





## Conclusion

The Indian real estate sector is experiencing rapid transformation due to urbanization, technological advancements, regulatory reforms, and shifting consumer preferences. Despite challenges like rising costs and economic volatility, the sector presents significant opportunities for growth, including increasing demand for affordable housing, smart city initiatives, and sustainable developments. The smart house industry, valued at USD 6.5 billion in 2024, is undergoing significant transformation due to the integration of PropTech, blockchain, sustainable practices, and AI-driven solutions. Government policies like RERA and relaxed FDI regulations are promoting investor-friendly environments. The rise of REITs, co-working spaces, and expansion into Tier-II and Tier-III cities further diversify the market. The Indian real estate industry is projected to contribute 15% to India's GDP by 2025, with

growth in co-working spaces, luxury housing, and commercial real estate. Strategic policy reforms, financial innovation, and sustainability-focused initiatives are crucial for long-term stability. The sector presents significant opportunities worth Rs. 1.25 trillion USD 19.65 billion with an estimated demand for 10 million urban and 25 million affordable housing units by 2030. India aims to become a global leader in sustainable real estate by 2030.

To realize this potential, strategic policy reforms, improved financial accessibility, and sustained stakeholder collaboration are crucial. By addressing financial constraints, regulatory hurdles, and technology gaps, the Indian real estate market can achieve long-term stability, ensuring a balanced housing ecosystem and sustainable economic growth.





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