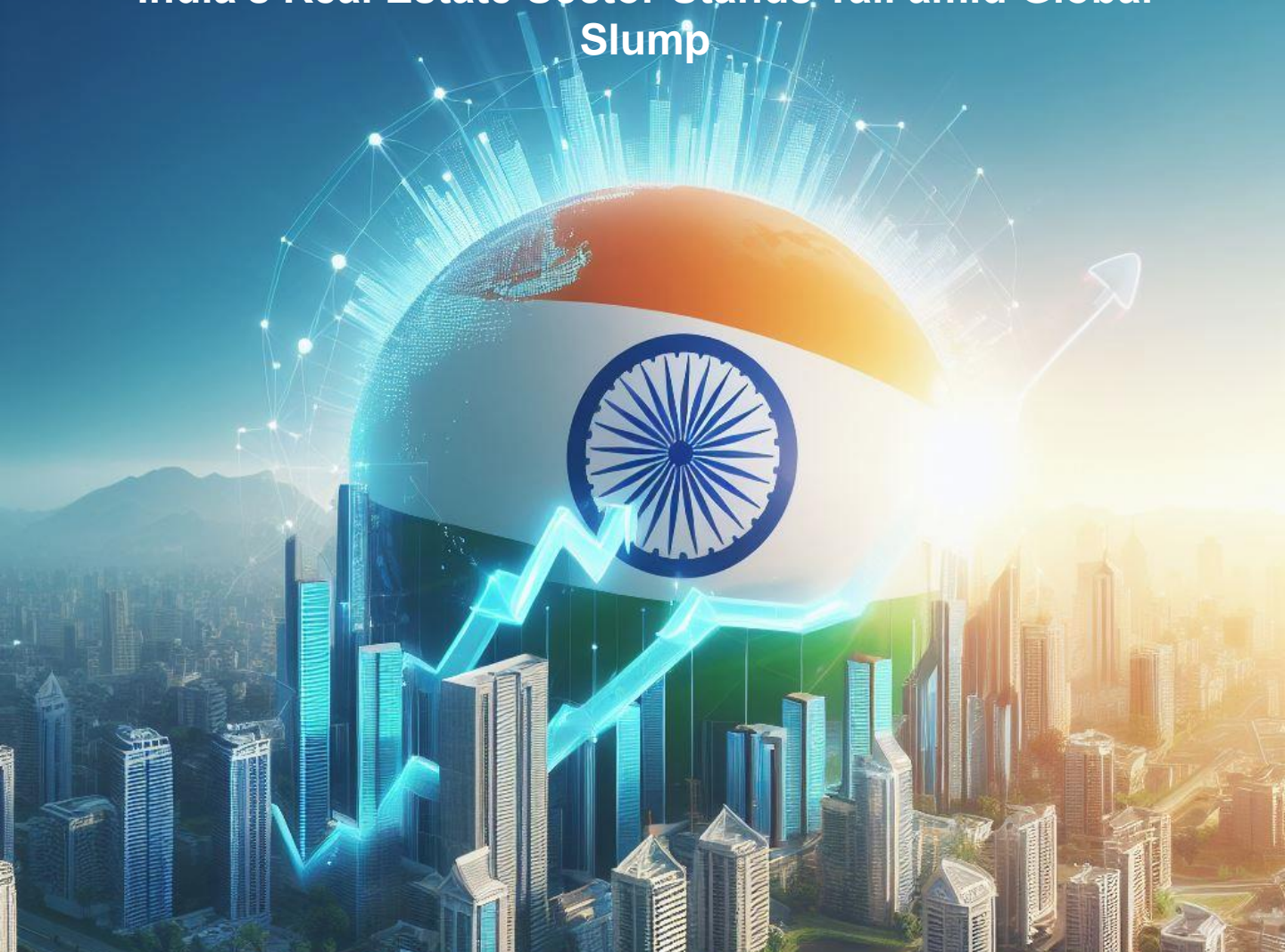


India's Real Estate Sector Stands Tall amid Global Slump



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1. India's Real Estate Sector stands tall amid Global Slump

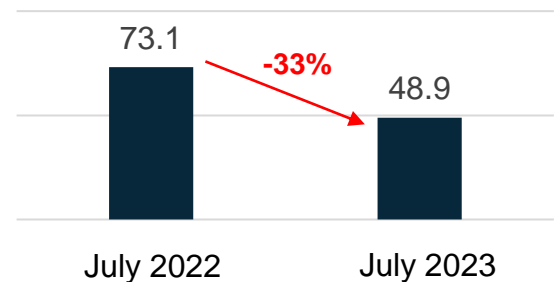
In a global landscape marred by economic uncertainties and challenges, India's real estate sector stands as a shining example of resilience and growth. While countries such as China, Europe, and the United States face mounting troubles in their real estate markets, India has managed to defy the odds.

Troubled Times Across the Globe

China

Across the border in China, the real estate industry is grappling with mounting debts and significant companies declaring bankruptcy. According to China Real Estate Information Corp, New Home Sales at China's 100 biggest developers fell by a staggering **33%** in July 2023 compared to same month last year. Homes worth USD \$48.9 Bn were sold in July 2023 down 33% from year ago.

New Home Sales in China (By Value in USD Bn)



USA

Meanwhile, across the Atlantic and in Europe, economic uncertainties coupled with rising interest rates have left the real estate sector on shaky ground, raising concerns among investors and homeowners alike. As per S&P Global Market Intelligence data, US developers are predicted to report a yearly decline of **7.1%** in home sales in the third quarter ending September 2023.

UK

The number of UK homes sold this year is expected to fall to the lowest level in more than a decade, as the soaring cost of mortgages puts off homebuyers.

House sales reaching completion are expected to fall **21%** year-on-year to about 1m in 2023, the lowest level since 2012, according to a report from the property website Zoopla.

India

Amongst this, Indian Real Estate Sector is shining beacon of growth. Housing sales in India's leading eight residential markets recorded a six-year high in quarterly sales volumes in Q3 2023. The July- September Quarter 2023, saw sales of 82,612 residential units recording a growth of **12% YoY**. Further, total of 85,549 new residential units were new launches in Q3 2023, registering a growth of **23% YoY**.

1. India's Real Estate Sector stands tall amid Global Slump

Several factors have contributed to this remarkable growth, including rising incomes, economic development, demographic advantages, and favorable government policies and initiatives. The implementation of the Real Estate (Regulation and Development) Act has ushered in transparency, accountability, and a customer-centric approach within the real estate sector. The Pradhan Mantri Awas Yojana, one of the world's largest social housing schemes, is in the process of constructing over 1 crore houses across India, a move that has not only provided homes to many but also boosted the real estate sector significantly. The SWAMIH Fund, boasting a corpus of more than 20,000 crores, is successfully completing stalled projects nationwide. Additionally, the National Company Law Tribunal (NCLT) and the Insolvency and Bankruptcy Code (IBC) mechanisms have proven invaluable in resolving stressed assets. Policies encouraging Real Estate Investment Trusts (REITs), simplification of taxation structures, and streamlined building approvals have breathed new life into the Indian real estate sector.

While the global real estate market grapples with uncertainty and turmoil, India's real estate sector continues to defy the odds, emerging as a paragon of growth and resilience, driven by a combination of economic factors and prudent government policies.



2. Fireside Chat with Industry Veteran



**Dr. Niranjan
Hiranandani - Founder
& MD- Hiranandani
Group**

Bharat @2047, when India completes 100 years of independence, shall be the biggest nation on earth in terms of population, with more than 1.6 billion people. Of these, about 50-60% shall be living in Urban Areas. Basically, One in Ten people on Earth, shall be living in Indian Cities.

But as Hon. Finance Minister had mentioned in her Budget Speech “Urban planning cannot continue with a business-as-usual approach. We need to steer a paradigm change.”

What would be the three things you would like our country to aim at for Bharat @2047 in the Real estate sector?

The Govt of India is crafting blueprint for India in 2047 to be Atmanirbhar Bharat. The concerted efforts to strengthen urban India will span across many aspects like housing, sanitation, social amenities, transport, infrastructure. It requires strong policy structuring and



2. Fireside Chat with Industry Veteran

regulatory environment that can enhance capabilities and capacities of urban local bodies. It is imperative to transform urban cities into growth engines with private public partnership to accomplish goal of Urban India. Real estate sector will be the new growth cogwheel for India's economic growth and these three factors will play a pivotal role-

a) Smart & Sustainable Cities- In the real estate sector, sustainable development practices are critical. Prioritize green building certifications, increase energy efficiency and eco-friendliness in construction. Real estate development can contribute to reducing environmental impact and ensuring long-term viability by incorporating sustainability.

b) Innovation – Disruptive and immersive technologies should be adopted at a faster pace across all domains of real estate. Proptech like Drone survey, AI chatbots, Virtual tour, data mining, 3D printing, BIM modelling, digital marketing is gaining traction to elevate customer experience. Integration of new-age technologies in construction will enhance speed, accuracy, monitoring and timely delivery. Such technologies will reduce cost and improve project feasibility.

c) Modern infrastructure- Urban transformation will be brought about by mega infrastructure development to improve last mile connectivity. Through multimodal transit corridors, new real estate hotspots will emerge across metropolises and peripheral downtowns. As a result of cross-directional infrastructure, rapid urbanization will be facilitated.

2. What are the key challenges that our country faces in the Real Estate Sector currently, how can we overcome it?

Affordable housing is widely affected due to high interest rates, and we need to correct that to address target of Housing for all. Real estate industry should strictly adhere to sustainability and governance norms to morph into a low carbon economy. Indian real estate sector is in good shape with buoyant economic activity, upward consumption and investment trajectories, and steady GDP growth amidst geo-political humdrum. A sustained demand rally has facilitated northbound growth in the supply and investment index. However, cost of land acquisition, development premiums, timely and digitalization of approvals and ease of doing business are critical issues faced by real estate sector.

3. While the above recommendations are long term, what should Government take up immediately for Real Estate Sector?

Tax incentivization and fiscal stimulus like stamp duty waiver, concession of development charges, tax breakthroughs for first time homebuyers can act as a cushioning in this high interest regime and propel the sales cycle in real estate sector. Also, input tax credit in GST will help developers to subset cost escalation.

2. Fireside Chat with Industry Veteran

4. If you had to invest in any real estate asset now. Which one would you invest and which city?

Mumbai and MMR will witness an unprecedented growth due to transformational infrastructure, additional FSI and rapid urbanization. The liberalizing of state IT & ITes policy will attract commercial and industrial real estate development which will augur the demand for residential realty. The mega infrastructure is laying foundation for last mile connectivity and island city is experiencing buoyancy in redevelopment projects. Thus, we see exponential growth in real estate of Mumbai and MMR.

5. If you had to purchase a house, what would be the important parameters you would consider before purchasing.

Homebuying is a prudent emotional as well as financial investment. The discerning homebuyers should consider factors like developers' credibility, payment schedule, rera registration, financial discipline, flexi homeloan schemes, quality, delivery track record and locational advantage. Also, the early mover advantage can be considered by buying into spacious properties that offers holistic ecosystem and better standard of life. One must also check out the availability of social amenities like schools, hospitals, recreational and retail in proximity.

6. Lighting Round

a. **Villa or Apartment?** – Apartment

b. **Investment: Residential or Commercial?**- Both

c. **Under-construction or Ready-to-move?** Under construction with branded and trusted developers.

d. **Home: Proximity to Family or Friends or Proximity to work?** Walk to Work



3. Realty This Quarter

National Policy Highlights



Indian REITS Association formed under guidance of SEBI and Ministry of Finance

Listed real estate investment trusts (REITs) have come together to form The Indian REITs Association (IRA) under the guidance of the Securities and Exchange Board of India and the Ministry of Finance.

Brookfield India Real Estate Trust, Embassy REIT, Mindspace Business Parks REIT, and Nexus Select Trust are the founding members of IRA. The non-profit trade organisation will work towards the growth and development of REITs in the country.



Committee for Revival of Legacy Stalled Projects submits its Report to Ministry of Housing and Urban Affairs

Ministry of Housing and Urban Affairs (MoHUA) had constituted a Committee under the Chairmanship of Mr. Amitabh Kant, Ex-CEO, Niti Aayog, to examine all the issues related to legacy stalled Real Estate Projects and suggest roadmap to complete these.

The committee submitted its report categorizing recommendations into following categories:

- (i) Mandatory registrations of projects with RERA,
- (ii) Execution of Registration / Sub Lease Deeds for all Occupied Units,
- (iii) Occupancy / Possession of all substantially completed projects,
- (iv) Proposal for State Government's Rehabilitation Package for a promoter led resolution,
- (v) Framework for RERA and Administrator led revival of Projects,
- (vi) Financing of Stalled Projects and
- (vii) Use of IBC for resolving projects as a measure of last resort.

New Interest Subvention Scheme for Urban Housing

Hon. Minister of Housing and Urban Affairs announced that "Centre will unveil an interest subvention scheme for urban housing soon". This shall be in-line with the credit-linked subsidy scheme (CLSS) for economically weaker section (EWS) or lower income group (LIG) which ended in March 2022



3. Realty This Quarter

State Policy Highlights



Govt increases income slab for EWS under PMAY-Urban housing in Mumbai region

Government of India has announced a significant measure to uplift the urban poor by increasing the income slab of Economically Weaker Section (EWS) category in the Pradhan Mantri Awas Yojana - Urban (PMAY-U) to Rs 6 lakhs from Rs 3 lakh for the housing schemes in Mumbai Metropolitan Region (MMR).

New Noida Master Plan 2041

Noida Authority approved the New Noida Draft Master Plan 2041 in August 2023. It has acquired about 21,000 hectares of land parcels for the implementation of the plan. The master plan has been designed while focusing on the industrial growth in DNGIR (Dadri-Noida-Ghaziabad Investment Region).

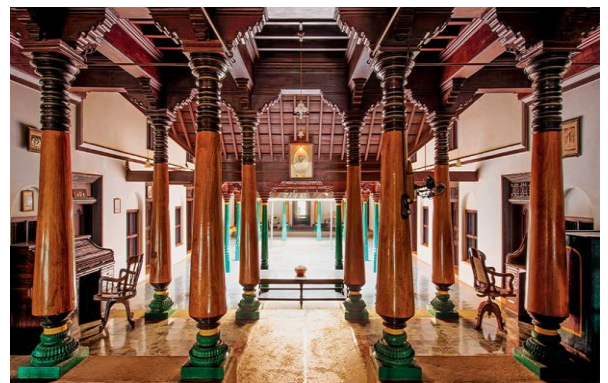
In the proposed city, industries will be allocated 40% of the land, while 13% will be residential, 18% recreational green, and the remaining land will be earmarked for institutional and mixed-land use

MahaRERA encourages Allottee Grievance Redressal Cell at every Project

MahaRERA has issued guidelines encouraging each promoter to create a Home Buyer/Allottee Grievance Redressal Cell. This cell should primarily address complaints, ensuring they're resolved both fairly and promptly.

Each grievance cell should have, at a minimum, one officer in charge. The contact details of this officer should be readily available, preferably on the promoter's webpage, for easy accessibility by home buyers.

The presence of a dedicated grievance redressal cell will be a consideration when MahaRERA undertakes grading of real estate projects.





Urbanopedia

Welcome to the Urbanopedia, your comprehensive guide to understand the fascinating world of urban environments. In this section, we delve into one of the various topics related to cities, urban planning, urban policies, tools, concepts, architecture, and the dynamics of urban living and management. Our goal is to empower you with knowledge and foster a deeper appreciation for the intricate tapestry of urban landscape that shape our cities and their impact on our daily lives.

4. Urbanopedia – Fractional Ownership of Real Estate

Example of Fractional Ownership

Consider a prime INR 100 crore office space in Mumbai pre-leased to a major corporation, offering long-term returns. However, an individual with just INR 20 lakhs can't invest in it. Fractional ownership platforms (FOPs) offer a solution by allowing individuals to combine their investable funds (subject to a specified minimum) with others to collectively own such premium office space. Consequently, individual investors can gain access to a share of the INR 100 crore office space with an investment commitment as low as INR 20 lakhs..

Real estate investments are typically capital-intensive, making it challenging for non-institutional investors to participate due to the substantial financial commitments required. Non-institutional investors encounter several hurdles apart from the financial constraints, including limited knowledge about real estate markets and investment opportunities, a lack of expertise in managing real estate assets, and difficulties in securing premium tenants and negotiating lease terms continuously.

Fractional investment or ownership through Fractional Ownership Platforms (FOPs) involves dividing the acquisition costs among multiple investors who invest in securities issued by a Special Purpose Vehicle (SPV) established by the FOP. This SPV then acquires the real estate asset, with maintenance and acquisition costs shared among the investors/shareholders. In return, investors benefit from the asset's returns, subject to management and maintenance fees imposed by the FOP or its affiliates.

FOPs offer a platform for diverse investors to collectively purchase real estate, with varying minimum investment requirements, typically ranging from INR 10 lakh to INR 25 lakh.

These platforms focus on pre-leased real estate, providing investors with rental income and the potential for value appreciation. Returns are distributed among investors after deducting management, maintenance fees, and other expenses. Fractional ownership alleviates the financial burden on individual investors while ensuring a steady income stream and long-term returns. Additionally, some FOPs enable diversification by investing in various real estate assets across different locations and cities through separate SPVs. This accommodates investors seeking specific business districts or locations.

The operational process of FOPs is outlined as follows:

- The initial step involves FOPs identifying a property.
- Subsequently, the identified property is featured on the FOP's website, inviting expressions of interest from the public. This invitation typically involves a nominal token amount ranging from INR 10,000 to INR 1 lakh.
- Upon achieving 100% expression of interest, investors receive the placement memorandum, allowing them to subscribe to the securities issued by a private limited company, specifically the Special Purpose Vehicle (SPV) responsible for acquiring or owning the real estate asset.
- Investors then transfer the requisite amount to an escrow account.
- Upon successful transfer of funds, investors are allocated the securities.