

Challenges and Opportunities ahead for Indian Real Estate



Ashish Sarin
CEO, AlphaCorp

14/03/2019 , by admin, in *EXPERT ZONE*

Authored by Ashish Sarin, CEO, AlphaCorp

The Real Estate industry is the second largest employer, after agriculture and constitutes almost 6% of our GDP. The Industry experienced a gradual alleviation in 2018 with both residential as well as commercial sector witnessing an upswing in transactions despite facing several headwinds. The affordable housing sector took the centre stage in 2018 with at least 30 per cent growth in home sales and unsold stock getting liquidated.

The scarcity of land acts as the biggest hurdle which does not allow the real estate sector to grow. In a country like India where the demand for residential and commercial projects is increasing rapidly, finding an appropriate site for construction is not easy. The shortage of land within a city leads to an increased rate which in turn affects the overall cost of construction. Going online will boost accountability and curb the scope of undue gratification.

Despite of the numerous challenges, the industry has myriad reasons to smile. Luxury housing has a bright future in the Indian market, gaining lot of attention from the upper middle-class family. The growth of the Indian economy clubbed with the aspiring lifestyle of people living in the metro has increased the demand for this segment.

The government scheme of 'Housing for All' has become a promising endeavour for the sector. In the coming times, the prime minister's ambitious plan of housing for all by 2022 will certainly bring a major change in economic with the investment \$1.3 trillion. This has led to the construction of over 51 lakh houses in the rural areas and 31 lakhs houses in the urban area. Such is the impact of this opportunity which is inviting the global as well as the domestic developers to invest in the affordable housing segment. The introduction of Real Estate Regulatory Act (RERA) has attracted many opportunities for the sector. It has changed the entire landscapes of the sector by bringing in credibility to the sector. Now every concerned organisation and personnel associated with the sector are unlearning the old ways of operation and aligning to the new terms/process which are specific to policies guidelines. Another factor which is expected to further boost the industry is the speculated reduction of GST rate for the under-construction properties and finished houses to 5 %. If this goes through, then 2019 could be the turnaround year for the real estate industry. This reduction on the GST slab would definitely reduce the property buying decision of the customers and would also give them a huge saving. Suggestions to cut down GST rate on the cement to 18% are also doing rounds. This will encourage buyers to invest in new projects and will also boost the realty sector in a long way.

With all these factors in place, developers are expected to concentrate on finishing the ongoing projects within the assigned time range. India's urban population is expected to rise; this will lead to the growing demand for both housings as well as the commercial sector in the country. Further, the sector has a bright future ahead with rapid urbanisation. It can be concluded that both the opportunities and challenges are the two different sides of the same coin. It is necessary to take challenges and turn them into opportunities. The more we test our limits and capabilities the better we become and raise the bar.