

# HOW REALTY SECTOR WILL SHAPE IN 2020?



**PROPWRITER**  
Kausar Firdausi

**Industry experts are anticipating this year as a year of revival. They believe that the sector will reap the benefits of multiple sops and measures introduced by the government in 2019 with the intention of bringing financial discipline, accountability and transparency**

**W**ith a number of initiatives and policies coming up, the year 2020 is expected to be the year of emerging micro-markets, with huge demand for quality homes along with the transparency in the real estate deals and improved accountability of builders. According to an industry report, the real estate sector will be at the centre of rapid economic and social development, which will further transform the economy. These emerging trends and new upheaval are supposed to create a highly competitive environ-



ment for the developers. CREDAI & IBEF report says that the sector will reach US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. Moreover, the housing sector's contribution to the GDP is expected to almost double to more than 11 per cent by 2020. Hence, the real estate industry could be different and bring new reforms within the next few decades.

Industry experts say that as the Indian economy transitions and its workforce expands, it will offer vast development and investment opportuni-

ties for the real estate sector. "The growth of cities is going to further influence the country's built environment, while technology, demographics and environmental issues will become its new value drivers. Already, workplaces are becoming more modern and open, in keeping with the aspirations of the millennial working population. The logistics industry is embracing technology to keep pace with the increasingly digital times even as retail goes omni-channel with an eye on the smart shopper. Meanwhile, housing is getting more affordable, on the back

of government initiatives and the growing needs of young families," says Anshuman Magazine, chairman & CEO - India, South East Asia, Middle East & Africa, CBRE.

The current trends indicate that H1 2020 will not see much growth over the patterns of 2019. However, the H2 does hold promise as the positive impacts of various government measures kick in. "The first half of 2020 is likely to be slow in terms of growth in housing sales and demand with investors and buyers staying put in a wait-and-watch mode. Liquidity crisis within this seg-

ment is seen to be unrelenting and investors also are largely shying away. So, unless fund availability for developers is made easy, this segment woes will continue," says Anuj Puri, chairman, Anarock Property Consultants.

Jaxay Shah, chairman, CREDAI National is also hopeful that the sector should revive by mid-year. "The need of the hour is to unlock an inventory of more than ₹10 lakh crore. Measures such as giving new and higher incentives to motivate the customers, less of capital gains, incentives to the investor in rental



property would be instrumental in giving the required drive to the sector. The government needs to increase the revenue by reducing the tax burden to the customer. Simultaneously, RERA needs to be strengthened and established as a single window for redressal of all consumer complaints," states Shah.

The year 2020 looks promising for the sector with respect to housing market. One of the major trends expected to rule the market is the delivery of ready-to-move-in homes. "Timely delivery after the completion of the projects will encourage the buyers to invest in realty sector, marking 2020 a right time to buy a property," states Amit Kaicker, business head, DLF, New Gurugram.

### **AFFORDABLE HOUSING: A BIG OPPORTUNITY**

Affordable housing will be a sector which will continue to be a key driver for real estate market and provide a big opportunity for both developers as well as investors in the next few years. The year 2020 will see the sector grow in terms of newer policies expected at enlightening buyer opinions and the sale of affordable housing. Like previous few years, there is a possibility of collaboration of the developers and the top government organisations. This would ensure the minimisation of the risks that arise due to schemes. "While the government has also come out to support the homebuyers in terms of offering more credit for the purchase of homes, the consumption in affordable housing segment is set to rise in the new year," asserts Pankaj Kumar Jain, MD, KW Group.

A push for affordable housing has been the Haryana cabinet's decisions to increase the total limit for grant of affordable group housing colony in a sector from existing 15 acres to 30 acres and extending the Deen Dayal Jan Awas Yojna to Gurugram Development Plan. "The latest development came a few months after the announcement of Deen Dayal Jan Awas Yojana (DDJAY), an



affordable housing scheme to encourage the development of 'high density plotted colonies' in low and medium potential towns of Haryana through a liberal policy framework," proclaims Pradeep Aggarwal, founder & chairman, Signature Global and chairman, ASSOCHAM national council on real estate, housing and urban development, adding, "In affordable segment we expect that government should seriously look into the issue of raw material cost and land prices."

### **COMMERCIAL SEGMENT: POSITIVE MOMENTUM TO CONTINUE**

The need to get good return in short and long-term, the investors with real estate know-how diverted their attention majorly towards commercial real estate. As a result, the commercial real estate has made record highs in 2019 and will continue to perform well with more REITs getting listed. "Commercial office stock is likely to cross 600 million sq.ft. and office space leasing in major cities is expected to cross 100 million sq.ft. by 2020," anticipates Sagar Saxena, project head, Spectrum Metro.

### **NEW ASSET CLASSES IN FOCUS**

The upcoming year is expected to see a rise in terms of sales and operational efficiency and will also witness flexible business models and newer asset classes coming into play. "The real estate universe is expected to expand sizably in the coming year as new asset classes like REITs, co-living spaces and student

housing make their presence felt," adds Magazine.

### **DISRUPTIVE TECHNOLOGIES TO ACT AS A GAME CHANGER**

The emerging technologies in the construction sector have made the large players implement new techniques that ensure fast and quality delivery within the stipulated time. "The technological innovations, such as robotics and cognitive automation, artificial intelligence (AI), machine learning, internet of things (IoT) is supposed to impact more on transformation of Indian realty sector in 2020. For developers, technology advances will make eco-efficient building more viable," says Madhusudhan G., chairman and MD, Sumadhura Group. According to Madhusudhan, these technology innovations will further precede effective planning in construction project management, leading to leaner construction, optimised cost value, better quality and value engineered products.

### **SPURT IN NRI INVESTMENTS**

The transparency in policies and the ease to do business have attracted many foreign investors to enter the real estate market and capture a substantial share. Now, with the increase in NRI investments, the real estate sector is expected to escalate more in 2020. As per a recent industry research report, there has been an NRI investment of approx. ₹46,000 crore in the last three months. The growth outlook across both residential and commercial real estate is turning positive now.