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REalVIEW

Dear Readers,

REalVIEW is a monthly news digest bringing to our clients and well-wishers news updates on major developments in the realty industry. The periodical will keep the readers updated on the significant changes and trends affecting real estate development within the country as well as globally, thus helping them in taking informed and calculated investment decisions

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Sunil Kumar V
Founder & Managing Director
Asset Homes

ACCESS TO PREMIUM REAL ESTATE ASSETS - The new SM REIT regulations bring the added advantages of investor protection and increased liquidity



The Indian real estate sector is undergoing a transformative shift, driven by proactive regulatory initiatives. Landmark reforms such as the RERA Act (2016) to enhance developer accountability, the introduction of GST for tax standardisation, and the implementation of REIT regulations (2014) to create a new investment avenue have collectively bolstered accessibility, transparency, and market stability for investors.

The introduction of Real Estate Investment Trusts (REITs) regulations in 2014, followed by India's first REIT listing in 2019, opened up institutional-grade real estate investments to retail investors. Taking this momentum further, SEBI (Securities and Exchange Board of India) has now introduced a framework for Small and Medium REITs (SM REITs), aiming to further democratise real estate investment in the country. While some investors have previously explored fractional ownership of commercial properties through dedicated platforms, the new SM REIT regulations bring the added advantages of regulatory oversight, investor protection, and increased liquidity.

As per the recent report by Colliers, institutional investments in Indian real estate reached a five-year high of \$6.5 billion in 2024, marking a 22% YoY growth from \$5.4 billion in 2023. The industrial and warehousing segment emerged as the top contributor to Indian realty investments, attracting \$2.5 billion—a staggering 190% increase compared to 2023.

Globally, REITs are an established and successful investment model. In the United States alone, publicly traded REITs manage an astonishing \$2.5 trillion in gross assets. India's REIT market is following a similar upward trajectory, having expanded significantly over the past five years, with its gross asset value increasing from approximately \$3.6 billion to \$15.6 billion today.

SEBI's new regulatory framework for SM REITs has lowered entry barriers,

allowing retail investors access to premium real estate assets that were previously dominated by institutional players. By setting a minimum issue size of ₹50 crore and requiring at least 200 investors per scheme, the framework ensures broader participation in the real estate sector. This initiative enables a more diverse range of investors to enjoy both stable rental income and potential capital appreciation.

Advantages for investors

Access to Grade A properties: SM REITs offer exposure to high-quality commercial real estate, an asset class traditionally requiring significant capital. This allows investors to benefit from higher rental yields and long-term capital gains.

Risks and considerations

India's traditional REITs operate under a master trust model, where the REIT trust holds direct stakes in underlying Special Purpose Vehicles (SPVs) that own rent-generating properties. The addition of new assets by the investment manager—subject to shareholder approval—can either enhance or dilute value.

While SM REITs will follow a similar structure, they introduce scheme-level segregation akin to mutual funds, capping each scheme at ₹500 crore. This ensures that investors have greater visibility into the specific assets within their chosen scheme. However, given that SM REITs might hold fewer properties, their performance will be closely tied to the success of individual assets.

To mitigate these risks, investors must conduct thorough due diligence, examining the track record of investment managers, their governance standards, and property selection criteria. A well-researched approach can help balance potential risks and rewards effectively.

FLAT, VILLA ENTHUSIASTS CHOOSING THIRUVANANTHAPURAM OVER KOCHI; PROPERTY BOOM IN CAPITAL CITY



THIRUVANANTHAPURAM : Thiruvananthapuram is bearing the fruits of Vizhinjam International Port while the nooks and corners of the city are now filled with malls and IT hubs. This big step towards a megalopolis has resulted in a flats and villa housing boom in the capital city. Compared to the previous years, a large increase in the number of residential units has been recorded this year.

Thiruvananthapuram has overtaken Ernakulam as the first place in the residential unit registration. The figures of the Kerala Real Estate Regulatory Authority (K-RERA) indicate a 49 per cent increase in registration in 2024 compared to 2023. 2987 residential units, including flats, villas, and commercial floats, were registered in 2024, while Ernakulam registered 2864 units during this period.

Earlier, Ernakulam was considered a real estate hub due to the infrastructure growth and the tentative smart city plans. However, according to real estate experts, the overcrowding in Flats across Kochi and the high demand have forced many to pick a suitable abode in Thiruvananthapuram. Lately, the capital city has attracted many due to its serene atmosphere and better lifestyle facilities. New job opportunities including Vizhinjam port, administrative center, IT hub, excellent healthcare facilities and educational institutes are also factors in attracting people. People from neighbouring states including Tamil Nadu and professionals looking for more investment opportunities are acquiring flats and villas in Thiruvananthapuram.

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With the increase in demand, land prices have increased dramatically in most parts of Thiruvananthapuram city.

Real Estate News: RBI repo rate cut to boost property market? EXPLAINED



RBI Repo Rate Cut 2025, Real Estate News: The Reserve Bank of India's recent decision to cut the repo rate by 25 basis points to 6.25 per cent is set to boost the real estate sector.

RBI Repo Rate Cut, RBI Repo Rate Cut 2025, Real Estate News :

The Reserve Bank of India's recent decision to cut the repo rate by 25 basis points to 6.25 per cent is set to boost the real estate sector. Coming after nearly five years, the first reduction in the repo rate is expected to have a significant impact on housing demand, investment sentiment, and new project launches.

RBI Repo Rate Cut, RBI Repo Rate Cut Impact on Real Estate Sector

The reduction may not lead to an immediate drastic drop in rates, but the move is a welcome development for the real estate sector and borrowers alike, as it signals a supportive stance from the central bank towards promoting growth in housing and other sectors of the economy.

Manoj Gaur, CMD, Gaur's Group and Chairman, CREDAI National, hailed the RBI's decision, calling it a "very welcome move." He emphasized that, combined with a people-friendly budget, the rate cut will inject positive sentiment into the economy.

"The repo rate cut of 25 bps announced by RBI will definitely infuse positive sentiments in the economy. Coupled with the income tax rebate and tax concessions on second home and rental income, it will not only infuse liquidity in the market but also leverage the real estate sector's investment potential. Real estate nationally has seen some good investment in the past year, and this trend is bound to continue in the coming quarter with this announcement," Gaur stated.

Amit Goenka, MD-CEO at Nisus Finance said, "The rate cut was much awaited as India has been experiencing a slowdown in the economy. This rate cut will lead to lower EMIs for home buyers and strengthen the demand for housing."

Ravi Ramesh Pilani, MD at Pilani Group said, "This marks the first rate cut in nearly five years, following a prolonged rate hike cycle triggered by global events. With food inflation moderating and positive Rabi crop forecasts, experts assert that a rate cut could offer significant relief to home buyers."

Pankaj Jain, Chairman, SPJ Group, said, "Lower borrowing costs will provide much-needed relief to homebuyers and developers alike, boosting demand for housing, especially in the mid and affordable segments. We anticipate a positive ripple effect, with improved liquidity and increased investor confidence in the market."

Ashish Narain Agarwal, Founder & CEO, PropertyPistol said, "The decision to alter the repo rate by 25 basis points follows the Budget 2025, which stimulated tax brackets, infrastructure, urban development, and affordable housing, thus marking positivity and enthusiasm in the real estate sector. Reduced interest rates will increase purchasing power as every 1000 rupees saved in EMIs translates to more than 1 lakh rupees in home loan eligibility."

Impact on Housing Demand and Project Launches

Developers believe that lower borrowing costs will encourage homebuyers and investors alike, paving the way for new project launches. Deepak Kapoor, Director, Gulshan Group, highlighted how the rate cut signals RBI's intent to foster growth.

"A 25 bps rate cut by RBI was widely anticipated. When seen in conjunction with tax concessions in the Union Budget, it signals RBI's intent to foster growth, especially at a time of inflationary concerns. The move will encourage investments in the housing sector. We are also hopeful of further rate cuts in the future," said Kapoor.

The decision is not just about immediate affordability but also about the psychological impact it carries. Amit Modi, Director, County Group, pointed out that this move marks a shift in RBI's stance after five years, setting the stage for future reductions.

"The RBI's decision to lower the repo rate by 25 bps to 6.25% brings relief to the real estate sector. The real implication of this move lies in the change in the stance of the central bank—this is the first rate cut in five years. This not only indicates a softening in RBI's outlook but also carries a huge psychological implication for the market and leads us to expect more such reductions in the future," Modi said.

Arka Sarkar, VP - Marketing and Sales at Pilani Realty said, "Lower interest rates translate to cheaper home loans and more affordable housing, directly benefiting both prospective and existing buyers. Reduced EMIs increase savings and purchasing power, making homeownership more attainable. Coupled with moderating food inflation and positive Rabi crop projections, this rate cut is expected to stimulate activity in the housing market."

Market Sentiments and Economic Growth

Beyond affordability, the rate cut is expected to act as a catalyst for overall economic growth. Uddhav Poddar, CMD, Bhumika Group, underscored the broader implications of the move, noting that it will boost market sentiment and consumption.

"A rate cut after five years is definitely a big moment for the country and indicates the direction of the RBI. This will raise the spirit of the entire economy and the real estate sector in specific. On the one hand, it will make purchasing properties cheaper, and on the other, it will encourage consumption. But more than everything, this step will boost market sentiments and lead us to hope for more such rate cuts in the future," Poddar said.

Gurpal Singh Chawla, Managing Director, TREVOC, echoed similar sentiments, stating that the reduction in borrowing costs creates a strong tailwind for real estate.

"The RBI's first rate cut in nearly five years is a pivotal move. Cheaper borrowing costs, combined with recent tax concessions, create a strong tailwind for real estate. This shift isn't just about affordability—it's about renewed confidence in housing investments and liquidity flow," Chawla noted.

Dr. Mohit Ramsinghani, CXO, Real Estate Industry said, "This is a positive development for both homebuyers and developers. The lower interest rates will also make it easier for developers to finance new projects, which will lead to an increase in the supply of housing. The RBI's decision is a sign that the central bank is confident that inflation is under control and that the economy is on a path to recovery."

Priyank Mehta, Co-Founder and Director at M Space Realty said, "Lower policy rates typically translate to reduced borrowing costs, making home loans more affordable. This can stimulate demand in the housing market, potentially leading to increased sales and construction activity. For prospective home buyers, this could mean lower EMIs and improved affordability, making homeownership a more attainable goal. It also signals a potential easing of financial conditions, which could boost overall economic growth."

Shankesh Sanghvi, Director of Sanghvi Realty believed that the rate cut will provide substantial relief to home buyers, especially considering the current high home loan interest rates. "Ultimately, this makes homeownership more attainable and stimulates activity in the housing market."

Lower interest rates are likely to directly translate into cheaper loans and more affordable homes. This announcement will directly benefit prospective and existing home buyers, as EMIs are expected to decrease, increasing their savings and purchasing power."

Looking Ahead: Will More Rate Cuts Follow?

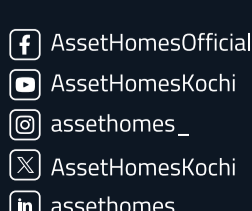
While developers have welcomed the rate cut, many believe that further reductions would be necessary to sustain growth in the sector. The impact of this rate cut will unfold in the coming months, influencing homebuyer sentiment, new project launches, and overall economic activity. For now, industry leaders remain optimistic, hopeful that this is just the beginning of a more supportive policy environment for real estate growth in India.

<https://www.etnownews.com/real-estate/real-estate-news-rbi-repo-rate-cut-to-boost-property-market-explained-article-118082194/amp>



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