



Dear Readers,

REaVIEW 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

Responsibly yours,

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Founder & Managing Director
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THE EVOLUTION OF PROPERTY TAXATION IN KERALA: WHAT THE LUXURY HOME TAX REVEALS ABOUT THE MARKET



Kerala's luxury housing segment has witnessed significant growth over the past decade. Alongside this growth, the state's approach to property taxation has also evolved.

Recent data reveals that Kerala's luxury tax on large residential properties has generated more than ₹157 crore over the past five years, highlighting both the expansion of premium housing and the government's efforts to create a more progressive taxation framework.

Beyond the numbers, this trend offers valuable insights into changing housing preferences, wealth creation, and the future of residential development in Kerala.

1. THE GROWING FOOTPRINT OF PREMIUM HOUSING

Luxury housing was once concentrated in a few urban pockets. Today, premium homes are emerging across multiple districts, driven by increasing incomes, NRI investments, and changing lifestyle aspirations.

The substantial revenue generated through luxury property taxation reflects the growing number of large residential properties across the state.

Several factors have contributed to this growth:

- Strong NRI investment inflows
- Rising disposable incomes
- Demand for larger living spaces
- Preference for premium amenities and lifestyle features
- Increased investment in second homes and retirement residences

The trend indicates a maturing residential market with demand extending beyond basic housing needs.

2. UNDERSTANDING THE ROLE OF LUXURY TAXATION



Property taxation plays an important role in urban governance and infrastructure development.

Luxury tax is designed to ensure that owners of larger and higher-value residential properties contribute proportionately towards public infrastructure and civic services.

Such taxation frameworks are increasingly being adopted globally to create a balanced

approach between development and public revenue generation.

The objectives include:

- Strengthening local government finances
- Supporting infrastructure development
- Promoting equitable taxation
- Creating sustainable revenue streams for urban growth

3. WHAT THE NUMBERS TELL US ABOUT KERALA'S HOUSING MARKET

The collection of over ₹157 crore in luxury tax over five years points to a broader transformation in Kerala's residential landscape.

The state continues to experience:

- Growing demand for premium housing
- Expansion of luxury developments beyond major cities

- Increased demand from NRIs and high-net-worth individuals
- Greater focus on lifestyle-oriented residential projects

While affordable and mid-segment housing remain the backbone of the market, premium housing has emerged as a significant and growing segment.

This diversification reflects the increasing maturity of Kerala's real estate sector.



4. BALANCING GROWTH AND AFFORDABILITY

One of the key challenges for policymakers is maintaining a healthy balance between luxury housing growth and broader housing accessibility.

A well-functioning housing market requires:

- Affordable housing for first-time buyers
- Mid-segment housing for growing families

- Premium housing for aspirational and high-income buyers

The coexistence of these segments creates a more resilient and sustainable real estate ecosystem.

As Kerala's housing needs continue to evolve, balanced policy measures will remain essential to supporting all segments of the market.

5. WHAT THIS MEANS FOR KERALA

Kerala's housing market is becoming increasingly diverse.

The growth of luxury housing demonstrates economic confidence and investment potential, while the associated tax revenues contribute to public development and infrastructure.

For developers, this highlights the importance of creating differentiated housing products that cater to varying buyer expectations.

For homebuyers, it reflects the growing range of residential choices available across the state.

For local governments, it creates opportunities to strengthen urban infrastructure and improve quality of life through sustainable revenue generation.



OUTLOOK

The ₹157 crore luxury tax collection is more than a fiscal statistic. It is a reflection of Kerala's evolving residential landscape.

As the state continues to urbanise and attract investment, the future of real estate will depend on balancing aspiration with accessibility, growth with sustainability, and development with responsible governance.

The most successful markets will be those that create value not only for homeowners and investors but also for the communities they serve.



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