

# Reinforcing buyers' faith in realty sector

The new tax amendment lets investors align their strategy to property performance.



**TOP STOREY**  
Kausar Firdausi

Real estate has always been a key investment asset. To turn it into a trillion-dollar industry, lower taxes are essential. The finance minister's recent proposal to modify long-term capital gains (LTCG) tax is expected to significantly impact the real estate market.

Industry experts and stakeholders view this as a step in the right direction. "One of the positive implications is the flexibility to compute the tax, either at a fixed rate of 12.5% without indexation benefits or at a 20% rate with indexation benefits for properties acquired prior to July 23, 2024," says Anshuman Magazine, chairman

& CEO – India, South-East Asia, Middle East & Africa, CBRE, adding, "This will allow homeowners to make informed decision, basis the sale price of a property."

Anuj Puri, chairman, Anarock Group, believes this flexibility lets investors optimize their tax strategy based on property performance. If a property's value has significantly outpaced inflation, the 12.5% tax without indexation may minimize tax outflow, maximizing net gains. Conversely, if appreciation is modest and near inflation, the 20% tax with indexation might reduce taxable gains more effectively.

This amendment empowers investors to make informed decisions based on their individual circumstances and the performance of their real estate assets. "Importantly, despite these changes, the resale market for

long-term investors is expected to remain stable, as the amendment does not introduce any new barriers or disadvantages for those holding property over extended periods," adds Puri.

Sanjay Chatrath, MD, Incuspaze, suggests that reduced investor demand could balance the real estate market, making property prices more appealing to end-users. He believes this shift may drive long-term growth by encouraging stable, value-driven projects and expanding affordable housing. As the market adapts, it is poised for sustainable, resilient, and inclusive growth.

As the equity market slows, Ashok Chhajer, CMD, Arihant Superstructures, emphasises that real estate continues to be a favoured asset class in India, often regarded as a symbol of wealth. This shift is

expected to boost sales by 30% across all segments and ensure strong sector performance over the next five years.

Darshan Govindaraju, director, Vaishnavi Group, believes that the middle class will benefit from the increased tax exemption limit on long-term capital gains in equities and bonds to Rs 1.25 lakh and Rs 1 lakh. This change is likely to drive greater investment in the real estate sector. Additionally, these initiatives will enhance the interest of institutional investors who are optimistic about the sector's long-term growth prospects.

**"If the property value has significantly outpaced inflation, the 12.5% tax rate without indexation may minimise tax outflow. However, if the appreciation is modest, the 20% tax with indexation could be more beneficial by adjusting for inflation."**

**ANUJ PURI**  
Chairman, Anarock Group

The new LTCG regime may benefit some and increase taxes for others, depending on their holding period and returns. "For those with high property profits (significantly above inflation, around 10%-12% internal rate of return or IRR) over a medium to long term, the new regime is advantageous. Investments in growth corridors held for more than 24 months will be relatively tax-beneficial," avers Sunil Pareek, executive director, Assetz Property Group.

This decision is especially significant for the luxury real estate market. "High-value properties often appreciate significantly, and the ability to choose a tax structure that fits individual strategies will greatly benefit investors and homeowners. Balanced policies like this ensure stability, confidence, and continued growth in premium real estate," justifies Gauri Tandle, CFO, Ashwin Sheth Group.

In conclusion, Rajeev Ranjan, co-founder & CEO, The Mentors Real Estate Advisory, notes that by offering this choice, the government recognises the diverse nature of property investments and provides a valuable opportunity for individuals to optimise their tax liabilities in a challenging economic environment.



## Realtors' Forum

Will the RBI's decision to maintain the repo rate sustain strong housing demand? Industry majors weigh in...



**DR NIRANJANA HIRANANDANI**  
Chairman, NAREDCO

"Current sales velocity will be supported by a stable interest rate, taming inflation, and a healthy domestic economy. However, RBI has the flexibility to cut the repo rate by 0.25 basis points, which would benefit distressed affordable housing."



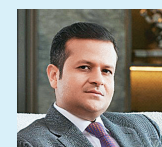
**PRADEEP AGGARWAL**  
Founder & Chairman, Signature Global (India) Ltd.

"By maintaining the current rates, the RBI aims to keep inflation within its target range. However, the anticipation of a good monsoon season may prompt the central bank to lower interest rates in the coming months."



**SRINIVASAN GOPALAN**  
Chairman & Co-Founder, ArisUniterm

"By keeping interest rates stable, the RBI aims to support economic growth and maintain price stability. This stability could lead to possible rate cuts in late 2024 or early 2025 as inflation decreases further."



**ASHISH AGARWAL**  
Director, AU Real Estate

"We are encouraged by the decision to keep the repo rate unchanged for the ninth consecutive time. This sustained stability in interest rates is pivotal, making homeownership more attainable and affordable for prospective buyers."

## IN SPOTLIGHT

### Real estate sentiment suggests a balanced outlook for Q2 2024

The Knight Frank-NAREDCO Q2 2024 Real Estate Sentiment Index shows a moderation in the Current Sentiment Score to 65, down from Q1 2024's peak. The Future Sentiment Score also recalibrated to 65. While both scores are positive, indicating confidence

in the sector's long-term prospects, they reflect a more cautious outlook due to election and budget uncertainties.

The Future Sentiment Index dropped from 73 in Q1 2024 to 65 in Q2 2024, indicating a more cautious but still positive outlook. This adjustment likely stems from concerns over upcoming fiscal policies and geopolitical events. Despite the decline, sentiment remains positive, reflecting the sector's resilience, especially in residential and office markets.

The residential market outlook in Q2 2024 sustains optimism with 63% response rate for an expected rise in residential prices while 51% of the stakeholders anticipate

an increase in sales with a significant portion of 24% respondents expect stability.

The office market outlook exhibits buoyancy on all key parameters - leasing, supply and rent as the stakeholders remained confident of the performance of this asset class in the next six months.

The quarterly Knight Frank-NAREDCO report gauges real estate sector sentiment, with scores above 50 indicating positivity. In Q2 2024, despite a slight dip, the sentiment score of 65 reflects cautious optimism. NAREDCO president Hari Babu noted the sector's resilience, while Knight Frank's Shishir Baijal emphasised that the dip is not a cause for concern.

### Ashiana Housing and Arihant launch Swarang

Ashiana Housing Limited, in partnership with Arihant Foundations & Housing Ltd., is launching Swarang, a high-end senior living project in Chennai. This marks Ashiana's third senior living venture in the city, highlighting the growing demand for premium senior housing. The ₹225 crore project, spanning 10.87 acres in Nemmeli along East Coast Road, offers 1-3 BHK units and penthouses with prices ranging from ₹84 lakh to ₹2.08 crore.

Swarang features modern amenities, lush green spaces, and thoughtful design for seniors. Completion is expected by

September 2027, with the first phase following RERA guidelines.

Ashiana Housing, recognised as India's top senior living community provider, continues to lead in this sector, projecting revenues of ₹2,000 crore in the current financial year. The senior population in India is expected to grow significantly, underscoring the importance of such projects.

Ankur Gupta, JMD, Ashiana Housing, expressed excitement about launching Swarang, their third senior housing project in Chennai, designed to meet the city's growing demand for luxury senior living. Bharat Jain, director, Arihant Foundations, called Swarang a significant milestone in their partnership, addressing the increasing need for high-quality senior communities in Chennai.