

# Realising the potential of real estate





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# Forewords





## Sumeet Abrol

Partner, Lead Advisory,  
Grant Thornton Bharat

The Indian real estate sector has seen a V-shaped recovery braving a slump, surging ahead with expansion and demonstrating astounding resilience throughout despite geo-political uncertainties, impending global recession, rising interest rates and construction costs. The industry proved its prowess by registering a 68% y-o-y increase during 2022 and increased investment of 19% in FY21, clearly highlighting its investment opportunities in India and globally. The government's continued focus was evident in the enhanced budgetary allocations to Pradhan Mantri Jan Arogya Yojana (PMJAY) and Smart Cities with a strong focus on ESG and sustainability in the built environment.

As the industry continues to embrace technology, it will usher in a significant shift in customer and investor experience, and most importantly we will witness developers embarking on creating sustainable buildings using technology. AI and robotics will bring in a paradigm shift in the approach of devising sustainable buildings and achieving economies of scale.

Today, the real estate sector is one of the highest contributors to Indian GDP and is projected to contribute 18% to the GDP by 2030 as more segments such as warehousing, logistics, industrial parks, data centres, student housing, co-living and senior assisted living fuel and usher in an era of growth.

This report chronicles the story of the sector's resilience and takes a sneak peek at what the future holds for the sector as India embarks on its journey through the Amrit Kaal to 2047.



## Saket Dalmia

President, PHD Chamber of  
Commerce and Industry

The real estate sector is one of the oldest and globally most recognised sectors. It is among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of an economy.

In India, the real estate sector is the second-highest employment generator, after the agriculture sector, and has been contributing nearly 5%-6% to the Indian GDP. Going forward, the real estate sector is likely to grow and contribute up to 15%-18% to the Indian GDP by 2030.

In the Amrit Kaal, the real estate segments, including residential, retail, commercial, and hospitality, are likely to showcase descent growth, as these are well prepared for further growth by improving corporate environment and the demand for office space, as well as urban and semi-urban accommodation.

The Indian real estate sector is expected to touch the USD 1 trillion mark by 2030, with affordable housing playing a significant role in the growth. The affordable housing segment was granted the infrastructure status, and it has helped in obtaining loans at preferential or lower rates, with the benefits being passed on to end-consumers as savings.

A number of factors have contributed to this growth, including rapid urbanisation, the growing emergence of nuclear families, rising income levels of population, new real estate developers entering the sectors and availability of financial options for developers as well as home buyers.

The focus of the government has been on empowering every stakeholder involved in the process, especially developers who are capable of spurring the development of quality products and infusing the much-needed stability in the market.

PHDCCI has organised the Real Estate Summit 2023 as a prominent platform for all important stakeholders to share views and discuss all such aspects and prospects to help the Indian real estate sector to evolve and be future-ready. We understand that this summit will play an important role and be an important platform for the real estate sector going forward.

# 01

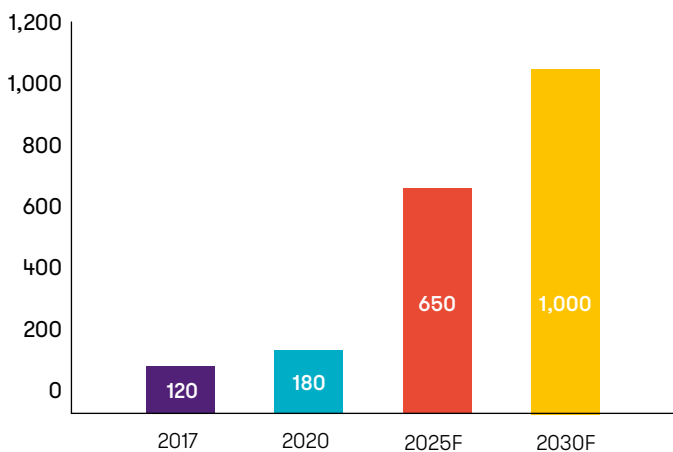
# Sector landscape



# Sector performance

The real estate sector contributes around 6-7% to the GDP of India, which is projected to be 13% by 2025. The Indian real estate sector is expected to reach USD 1,000 billion by 2030. The growth trajectory amidst the COVID-19 downturn and geo-political uncertainties demonstrates the resilience of the sector, as it continues to be the second-highest contributor to the Indian economy.

## Market size of real estate in India (USD billion)

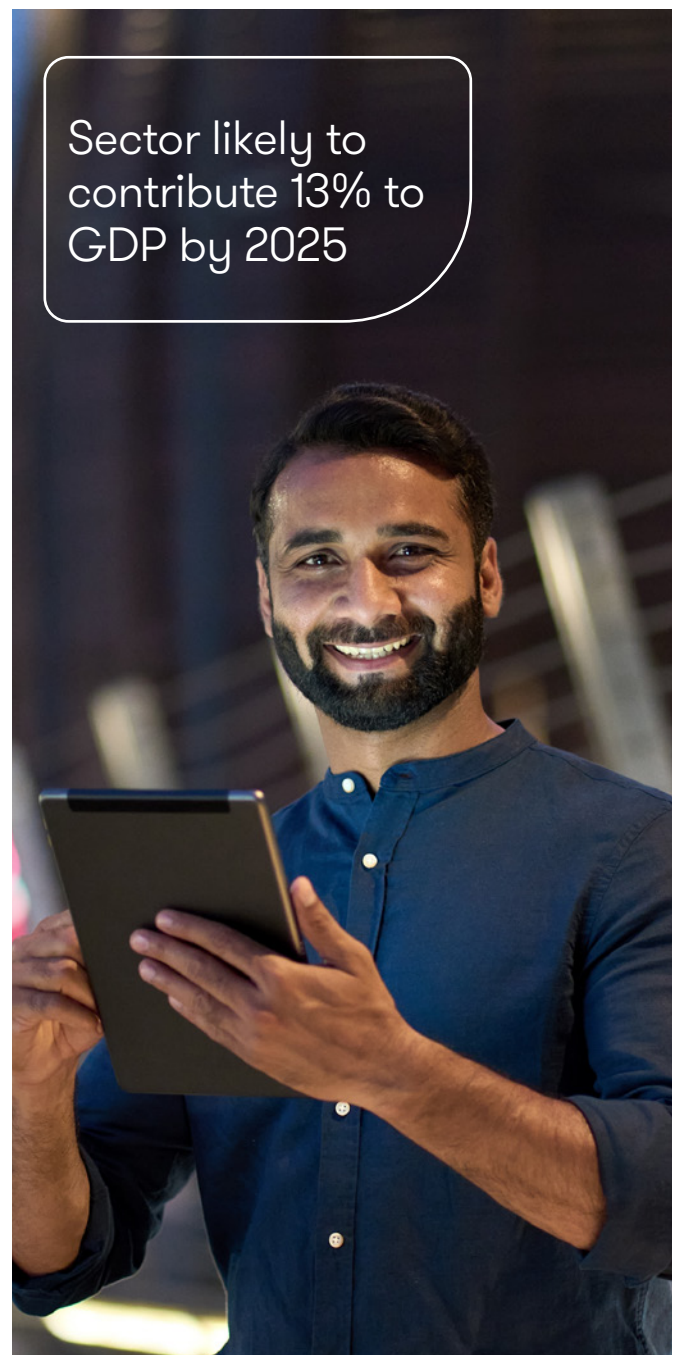


Source: IBEF

Despite the unexpected setback in 2020, the RE sector bounced back in 2022, recording significant growth across residential, retail and office segments, and the upward trajectory is expected to continue in 2023. During 2022, the sector reported to witness an equity investment of USD 7.8 billion, 60% of which was by foreign investors and the balance by Indian institutional investors and developers.

Year	Office (mn sq. ft.)	Logistics (mn sq. ft.)	Retail (mn sq. ft.)	Residential (units)
2021	40.50	28.00	3.20	1,28,154
2022	56.50	31.60	4.70	2,15,666
Growth	~40%	~13%	~47%	~68%

Source: CBRE 2023 India Market Outlook, March 2023; JLL Residential Market Update, Q4 2022



# Key trends

With the opening of the Indian economy post the COVID-19 pandemic, the RE sector witnessed momentum in investments and consumptions. It also marked a significant shift in consumer preference, product/service offerings and deliveries across the segments.



## Office segment

A remarkable shift was noted in the demand pattern, with domestic companies accounting for nearly 50% of the leasing demand in FY 22, mainly driven by technology and co-working space providers.



**44%**

During FY 20 -21, there was a slump in demand with the net absorption dipping by 44%



**40%**

During FY21-22, there was an increase in office absorption though the hybrid work model



## Retail

Irrespective of global headwinds and external uncertainties, leasing activity performed higher in 2022 due to well built supply pipeline for 2023.



**71%**

During FY 20, there was a massive hit by pandemic, with net absorption dipping by 2 mn sq ft



**21%**

During FY 22, increase in office absorption



## Logistics

Space take-up in 2022 almost touched the 2019 peak; supply addition picked up pace in Q4. The demand was predominantly driven by 3PL and e-commerce players, accounting for almost 60% of the total demand in FY 22.



**4%**

During FY 22, decline on a Q-o-Q basis



**22%**

Y-o-Y growth in space take-up in Q4 2022



## Residential

Post pandemic, the residential segment bounced back with renewed confidence as buyer preferences shifted to bigger and spacious homes. Despite rising interest rates and geopolitical uncertainties, FY 22 registered a record increase of 68% sales compared to FY 21 in major cities. Luxury or premium segment contributed 50% of this growth during last year.



**10%**

10% decline on Q-o-Q basis in FY 22



**46%**

Sales in FY 22

Source: JLL report



# Emerging segments

The COVID-19 pandemic-induced lockdowns meaningfully altered the buyer's perspectives, preferences and habits, and the digitisation wave influenced the outlook for all. While newer sub-segments emerged within the existing RE segments, some of the existing segments saw a renewed approach.



## Co-working spaces

The millennial generation, hybrid work model, technology start-ups and gig culture have triggered a demand for co-working spaces in Tier I and Tier II cities, comprising almost 20% of the office segment.

- The co-working segment reported a valuation of USD 2.2 billion by 2022.
- India's co-working space market is all set to pass 50 million sq. ft. by 2023.



## Student housing

This segment has been largely unorganised and fragmented. It may see some momentum as universities and colleges reopen their campus, with students now preferring low-density, clean accommodations with amenities. The segment may attract investments from private players.



## Co-living and shared housing

Similar to co-working spaces, demand is expected to increase for co-living and shared housing, which allows the resident to share space at an affordable price.

- As per research by JLL, India's co-living market is expected to increase at a strong CAGR of 17% in the next five years to expand to a nearly INR 1 trillion market.



## Data centres

While data centres have been notified as infrastructure assets, with an expected capacity addition of 681 megawatts by the end of 2024, it will also boost the demand for real estate.



## Senior assisted living

India's aging population is expected to reach 320 million in 2050. With a change in India's demographics, the demand for senior-assisted living is expected to gain traction as the population of financially independent, upwardly mobile, educated senior citizens and returning NRIs continues to rise.



## Warehousing

The National Logistics Policy, which outlines a tech-enabled, cost-efficient and integrated logistics industry, will provide impetus to the RE sector. With an increasing focus on 'Make in India' and the growth of e-commerce, warehousing is poised for growth as multi-modal logistics parks and industrial corridors gather pace.

# Government initiatives

Over the last decade, various government policies and initiatives have directly or indirectly contributed to the development of the Indian RE sector.

## Real estate (Regulation and Development Act) RERA

With the introduction of RERA, the largely unorganised RE sector was brought within the ambit of the regulator, making the developer/builder/promoter/agents accountable and answerable, thereby bringing in transparency. This has increased confidence amongst the customers and investors.

## Smart Cities Mission

The objective of the smart cities mission is to promote cities that provide core infrastructure and give its citizens a decent quality of life, and a clean and sustainable environment through the application of 'Smart' solutions, thus requiring the adoption of technology to deliver energy-efficient and sustainability-focused solutions.

## Pradhan Mantri Awas Yojana (PMAY)

This initiative aims at providing 'housing for all'. The government has also given infrastructure status to 'affordable housing', thus enabling developers to raise funds, including external commercial borrowings. Interest subvention provided under the PMAY has increased the demand for affordable homes.

## Monetisation of non-core real estate

In 2022, the government set up the National Land Monetisation Corporation to monetise non-core real estate assets held by public sector enterprises.

## Foreign Direct Investment (FDI)

FDI policy has been considerably liberalised, permitting foreign investment in under-construction projects and for the operation of completed projects, subject to certain conditions.

## Make in India

The 'Make in India' initiative has boosted the creation of manufacturing facilities, resulting in the emergence of suburban areas and, consequently, housing colonies/projects.

## Real Estate Investment Trusts (REITs)

SEBI introduced REITs as an investment vehicle in 2014 to raise funds from investors to acquire, own and operate revenue-generating real estate assets directly or through special purpose vehicles. REITs are publicly listed, highly regulated, and provide a steady return to investors. The introduction of REITs enabled developers to monetise revenue-generating real estate assets and utilise the funds for the further development of new assets.



## Progress on key initiatives



### Pradhan Mantri Awas Yojana - Urban

**INR 1.20 crore**

Houses sanctioned

**INR 1.10 crore**

Houses grounded

**INR 73.45 lakh**

Houses completed

**INR 2.02 lakh crore**

Central assistance committed

**INR 1.44 lakh crore**

Central assistance released

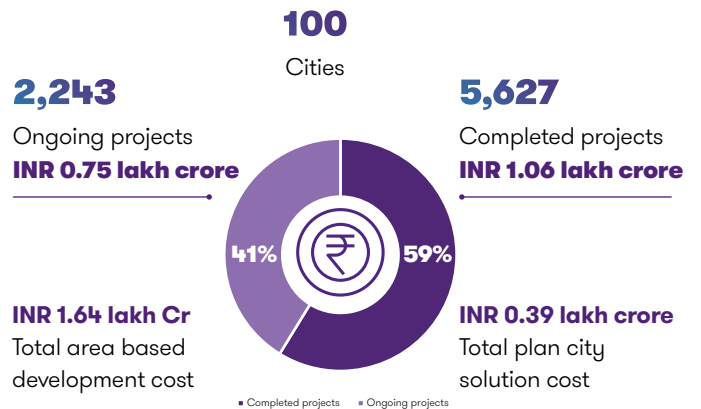
**INR 8.28 lakh crore**

Total investment

Source: PMAY (U)



### Smart Cities Mission



**INR 1.81 lakh crore** investment in 7,870 projects

**100** Total winning proposals

**9.96 crore** Total urban population impacted

**INR 2.05 lakh crore** Total cost of projects

Source: Smart Cities Mission



# Amrit Kaal - Vision 2047

The vision for Amrit Kaal includes a technology-driven and knowledge-based economy with strong public finances and a robust financial sector. In the journey to India@100, one of the focus areas is green growth, i.e., the efficient use of energy across economic sectors, and amongst others, ramping up the virtuous cycle of investments and job creation through investments in infrastructure acting as the guiding light or 'saptarishi'. This vision of Amrit Kaal puts ESG and the circular economy at the centre stage and sustainability at its roots.

The stock of green-certified buildings has witnessed a five-fold increase in 2022 compared to 2010. As a part of their short-term goals on ESG, listed developers are targeting to increase their green portfolio by about 25% by 2025-2030 and increase the use of renewable energy sources.



## ESG

ESG has assumed significance globally, as private investors have also committed to adherence to ESG. There are no specific ESG laws in India, and regulations are limited to providing protections with no rules around controls and disclosures. SEBI has approved a regulatory framework for ESG disclosures by top listed companies in India to undertake sustainability reporting on 50 performance indicators. Separately, the Companies Act 2013 has specific provisions around corporate social responsibility. This makes it imperative for India to introduce appropriate regulations for ESG compliance, reporting and disclosure.



## Carbon footprint

Buildings leave a significant carbon footprint and account for one-third of global energy consumption. With Indian cities expected to add 4.16 million urban dwellers by 2050, urban development is likely to impact carbon emissions significantly. As part of its focus on green growth, the government should address this aspect and implement measures to promote a circular economy in the RE sector. The objective of sustainable cities is to enable the real estate sector to follow the circular economy model, which facilitates the efficient use of resources with minimal waste. It can also mean creating buildings by using sustainable and reusable designs with recycled and repurposed materials that are efficient to manage in the long run.





# 02

## Evolving regulatory framework



## RERA – the journey so far

(as of 9 April 2022)



As per the Ministry of Housing and Urban Affairs (MoHUA), 78,494 real estate projects have been registered, and 88,864 complaints have been disposed of across the country till 9 April 2022



The regulatory authorities of 28 states/UTs have operationalised their websites under the provisions of RERA. (Arunachal Pradesh, Jammu & Kashmir, and Manipur are in process to operationalise)



About 31 states/UTs have established a real estate regulatory authority (regular - 25, interim - 06). Ladakh, Meghalaya, Sikkim and West Bengal have notified the rules but are yet to establish authority



Around 28 states/UTs have set up a real estate appellate tribunal (regular - 24, interim - 04). (Arunachal Pradesh, Jammu & Kashmir, Ladakh, Meghalaya, Mizoram, Sikkim and West Bengal are in the process of establishing such tribunals)



About 61,783 real estate agents have registered under RERA across the country

In addition, to helping homebuyers of stalled projects, the government established the Special Window for Completion of Affordable and Mid-Income Housing (SWAMIH) investment fund, which funds stalled projects registered under RERA, including those that have been declared NPAs or are pending proceedings before the National Company Law Tribunal. As of 17 March 2023, 310 proposals aggregating to INR 31,145 crore have been approved under SWAMIH, benefiting around 1,91,367 homebuyers and unlocking projects worth INR 83,188 crore.

Source: Real Estate (Regulation & Development) Act, 2016 [RERA] Implementation Progress Report as on 9 April 2022

## Affordable housing

- During the last few years, the government has dedicated significant efforts towards improving the housing situation in both rural and urban areas with the vision of ensuring 'housing for all'.
- The Ministry of Housing and Urban Affairs began the Pradhan Mantri Awas Yojana-Urban (PMAY-U) mission in June 2015. The mission's goal is to give eligible urban recipients, including slum residents nationwide, pucca dwellings with essential facilities. The plan is administered through four verticals: Beneficiary Led Construction (BLC), Affordable Housing in Partnership (AHP), In-Situ Slum Rehabilitation (ISSR), and Credit Linked Subsidy Scheme (CLSS), based on the eligibility requirements as per the scheme guidelines. More than 120.45 lakh homes have been approved as of 13 March 2023, of which more than 109.23 lakh are under completion and 72.56 lakh have been finished and handed over to recipients.
- Given the commitment, several schemes, incentives and regulatory support from the government, massive opportunities exist in an affordable segment, particularly in Tier 2 and Tier 3 cities.

Implementation of a single window clearance mechanism for projects is needed to smoothen the flow of the supply and demand in the real estate sector, promote ease of doing business, and attract investments. Further, the real estate industry in India is waiting for an industry status to be granted. With industry status, the state and central government agencies will consider real estate as a distinct sector, with special programmes and subsidies which will improve sectoral health and help real estate players realise their promises of "housing for all"

# 03

## Financing real estate projects

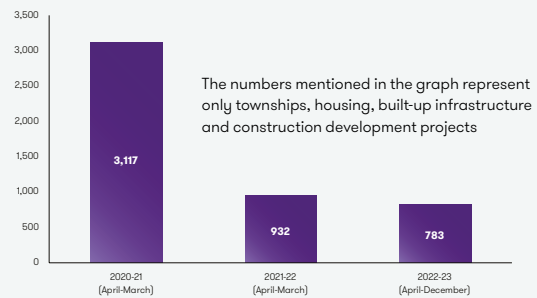






Financing models for real estate development have evolved over the years keeping in perspective the exchange control, tax and regulatory environment. REITS have made a mark in the commercial real estate space, as they gradually foray into other segments. With rising interest rates and looming global recession, fund raising continues to remain a priority alongside resolution of distressed real estate projects.

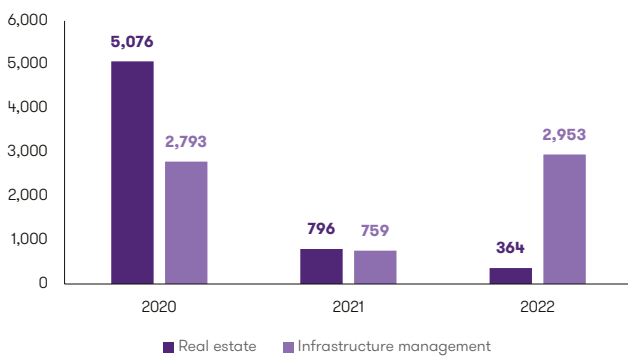
### FDI inflow (INR crore)



Source: Department for Promotion of Industry and Internal Trade statistics

## Deals scenario in real estate market

### Deals value (INR Crore)



Source: Annual Dealtracker 2023

### Number of deals



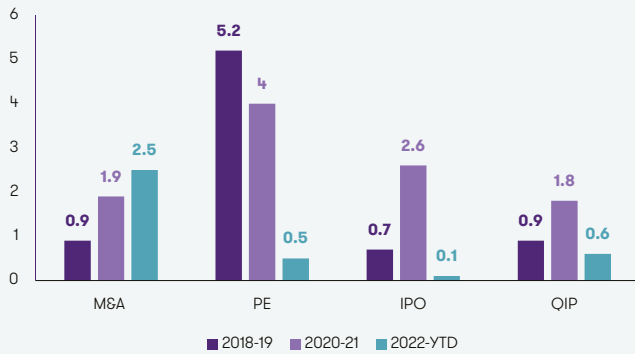
Source: Annual Dealtracker 2023

- Overall deal activity in 2020-21 saw a declining trend both in terms of deal volumes at 33% recording 54 deals and deal values by 11% at USD 9.5 billion when compared to the pre-COVID-19 years (2018-19). However, the above trend further continued, and a significant decline was witnessed in both volumes (46%) and values (36%) post COVID-19 (2022-present) recording only 29 deals valued at USD 6.1 billion due to significant fall in M&A activity.

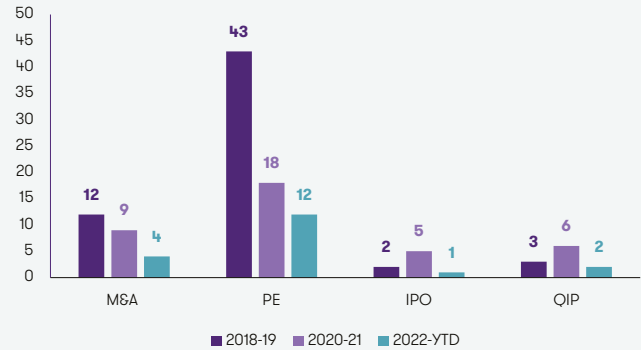
- The decline in deal values can also be attributed to absence of big-ticket transactions. While 2020-21 witnessed four deals in the billion-dollar category and 13 high-value deals (value above USD 100 million), 2022-23 witnessed only two deals in the billion dollar category and seven high-value deals.
- While M&A volumes witnessed a declining trend since 2020, the values shot up in the COVID-19 period owing to USD 1.4 billion deals in the infrastructure (airport) segment and USD 1.3 billion deals in the real estate development segment. This translated to a 55% increase in deal values from USD 2.9 billion in 2018-19 to USD 4.5 billion in 2020-21.
- Driven by Suraksha Realty's acquisition of Jaypee Infratech under the Insolvency and Bankruptcy Code (IBC) for USD 2.5 billion, the deal values recorded USD 2.7 billion for the period 2022-Q1 2023 recording only 6 deals.
- Similar to M&A trend, PE/VC activity also witnessed a declining trend with 47% in terms of volumes and 37% in terms of values during the COVID-19 period as compared to 2018-19. The PE activity in the sector further witnessed a declining activity with a 21% decline in volumes and a 33% decline in values post COVID-19 (2022-23) compared to 2020-21. Both commercial and residential development segments remained active through the years but witnessed a declining trend in terms of attracting private equity funds.
- IPO and QIP activity took a major hit post COVID-19. While the values peaked during COVID-19 majorly owing to the IPO activity, deal values declined 87% post COVID-19 for both IPO as well as QIP, witnessing only four deals raising USD 63 million compared to 15 deals raising USD 4.8 billion in 2020-2021.

## Deal scenario in real estate

In values (USD billion)



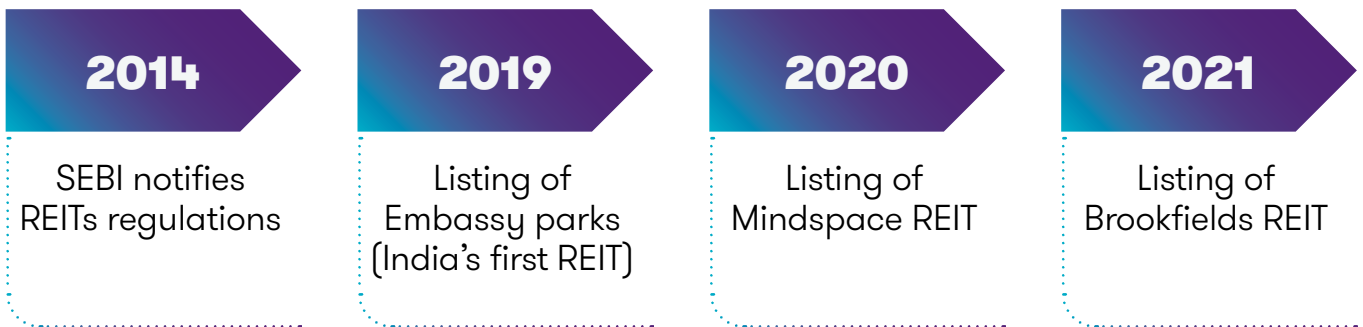
In volume



2018-19: pre-COVID-19    2020-21: during COVID-19    2022-YTD: post COVID-19

Source: Annual Dealtracker 2023

## Are REITs in the slow lane?



- To date, there are three listed REITs, all holding commercial real estate, and one registered REIT to hold retail assets. The total funds raised by REITs is INR 15,250 crore. Nexus Select Trust, a registered REIT to hold retail assets is expected to file for initial public offering in 2023.
- The universe of eligible asset class which can be held under a REIT covers buildings, warehouses, car parks and hotels but excludes those falling within the purview of 'infrastructure', unless it forms part of composite real estate projects. Mortgage REITs are not permitted in India.
- REITs need to have a minimum asset size of INR 5,000 million, with a minimum offer size of INR 2,500 million. This requires the sponsor to identify a sizable asset portfolio before it can be migrated into a REIT structure.

## Performance of Indian REITs

Post the COVID-19 pandemic, globally, interest rates have been on the rise. New investments requiring debt funding can be costlier in a rising interest rate regime. Further, yields offered by REITs are now in the same range as bank fixed deposits, making REIT investments less attractive for investors.

Parameters	Embassy REIT	Mindspace REIT	Brookfield REIT
Occupancy	86%	88%	88%
Area	43.6 mn sq. ft.	32 mn sq. ft.	18.7 mn sq. ft.
Sponsor stake	35.77%	63.22%	53.74%
Leverage (net debt/gross asset value)	27%	17.60%	32%
Debt cost	7.20%	7.50%	7.95%
Weighted average lease expiry (WALE)	7 years	7 years	6.8 years
Mark-to-market upside	17%	10.40%	18%
<b>Distribution demographics</b>			
Dividend	42%	91%	2%
Interest	13%	9%	46%
Amortisation of SPV debt/repayment of shareholder loan	45%	-	52%
Annual dividend yield*	6.79%	5.93%	7.31%
Dividend per unit (Last 12 months in INR) *	21.36	18.9	20.3
NAV (in INR) *	314.95	318.76	277.68
Properties	Bengaluru – 74%	Mumbai – 40%	NCR – 67%
	Mumbai – 10%	Hyderabad – 40%	Mumbai – 17%
	Pune – 9%	Pune – 17%	Kolkata – 16%
	NCR – 7%	Chennai – 3%	-

Taking cue from global experience and considering the REIT-able assets available in India, REITs will definitely take off as the ecosystem evolves.

## The tax conundrum

REITs have to mandatorily upstream cashflows received from SPVs and this is typically in the form of interest, dividend and loan repayment. REITs are regarded as pass-through for tax purposes, and rent, interest and dividend distribution from REITs is taxed in the hands of investors. Loan repayment is not income for the REIT. The Finance Bill 2023 amended the provisions to bring to tax this distribution. Effectively, the amendment brings to tax the net distributions by REITs and InvITs (other than interest, dividend and rent) in excess of the unit capital as income from other sources and distributions up to the unit capital as capital gains in the year in which units are transferred. Interestingly, for notified sovereign wealth funds and pension funds, which invest in InvITs, this distribution, which is in the nature of loan repayment, is exempt.

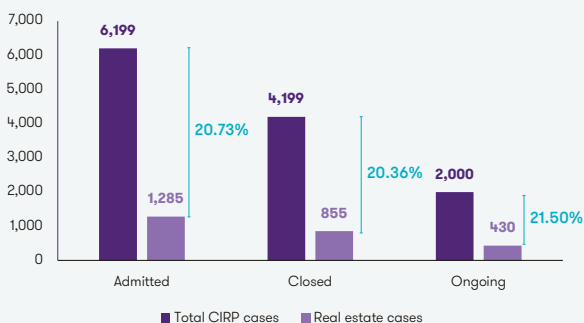
“As demand for commercial real estate returns to pre-COVID levels and new emerging asset classes mature, REITs will become attractive. SEBI is contemplating micro-REITs, which will allow REITs to hold just a single asset or a diversified portfolio, to increase supply and flexibility for investors. This relaxation in the asset size will make REITs an interesting proposition for mid-market players. Incentivising investors investing in REITs, green bonds and developers of green buildings will give a further fillip to the sector.”

**Shabala Shinde**  
Partner, Tax,  
Grant Thornton Bharat

## Distressed assets and their resolution

The industry plays a significant role in economic development, in addition to generating employment for a large section of the economy. The real estate sector, being cyclical and earlier being non-regulated, has had its own share of challenges. The sector has witnessed many cases of real estate developers and their underlying projects being stuck for various reasons, including liquidity issues, governance issues and a delay in

government approvals. Real estate cases constitute a large part of the cases referred to or admitted into the Corporate Insolvency Resolution Process (CIRP) under Insolvency & Bankruptcy Code, 2016 (IBC/Code). The table below shows the break-up of total cases under CIRP and real estate cases under CIRP as of December 2022.



Particulars	Closed			
	Appeal/ review/ settled	Withdrawal under Section 12 A	Approval of resolution plan	Commencement of liquidation
Total CIRP cases	894	793	611	1,901
Real estate cases	243	197	78	337
Real estate cases as a % of total CIRP cases	27.18%	24.84%	12.77%	17.73%

Source: Insolvency and Bankruptcy Board of India (IBBI) newsletter

- From the above statistics, it is evident that real estate cases form a significant chunk of CIRP cases, with nearly 21% of the total admitted CIRP cases. Out of the total cases numbering 2,298 rescued under the Code, there are 518 cases pertaining to real estate corporates, which are roughly 23% of the total cases rescued. While the average of resolution plans, which have been approved in the real estate sector is about 13% of total approved cases, the success rate has been low due to various challenges peculiar to the real estate industry.
- The Code was enacted in 2016, and in six years, it has evolved after the stakeholders dealt with a large number of CIRP cases. Various revisions have been introduced, including those to specifically cater to the challenges faced in distressed cases of the real estate sector.



Listed below, in brief, are certain important amendments and orders that have been passed post the enactment of the IBC

### Claim of allottee (mainly homeowners)

The Hon'ble Supreme Court, through its order in Chitra Sharma v. Union of India, has clarified the claim of the allottee being adjudged as a financial creditor (FCs) with voting rights.

### IBC v. RERA

The Hon'ble Supreme Court in the matter of Pioneer Urban Land and Infrastructure Limited and Anr. V. Union of India has observed that the IBC should supersede RERA.

### Joint application for initiating CIRP by homeowners

The Code was amended such that a few disgruntled homeowners are not taking undue advantage of the situation, and accordingly, a joint application for default on financial debt, by minimum 100 allottees or 10% of the total number of allottees in the same real estate project, was brought into the code and The Hon'ble Supreme Court of India, through its order in the matter of Manish Kumar v. Union of India and Another, has upheld the insertion of this revision.

### Fair representation of allottees in CIRP

The Code was amended to wherein the debt is owed to financial creditors belonging to the allottees category, then, the Interim Resolution Professional (IRP) shall file an application to the Adjudicating Authority (AA), along with the list of FCs, containing the name of insolvency professionals to act as their Authorised Representatives (ARs). These ARs appointed by the AA shall be voting on behalf of the allottees. This was done as allottees may not be technically competent to deal in the complex matters relating to the CIRP.

### Claim of authority's dues

The Supreme Court, in the matter of NOIDA v. Anand Sonbhadra, has provided a judgement to provide much-needed clarity on the dues of the authority as a lessor and the authority was held not to be a financial creditor but an operational creditor.

### Project-specific CIRP

The National Company Law Tribunal (NCLAT) has given an order in the matter of M/s. Supertech Ltd. v. Union Bank of India & Anr. for project-wise insolvency resolution of the real estate company. An amendment in the code in this respect is yet to be introduced.

There are various other important orders by courts under the regime of IBC and otherwise, which have enabled taking necessary steps in the resolution of distressed assets under real estate industry.

The emerging investors' interest can be seen in the successful and ongoing CIRP cases. One such real estate CIRP case is Jaypee Infratech Limited (JIL), which has more than 20,000 homeowners and its resolution plan has been recently approved by NCLT. The resolution plan also considers raising debt and indicates expression of interest (EOI) received from financial investors for such debt. This case also saw participation by National Asset Reconstruction Company Limited (NARCL, the Bad Bank) in the form of assignment of debt owed to lenders of JIL.

The government of India has additionally taken further steps to revive the distressed residential real estate projects by incorporating an alternative investment fund named SWAMIH Investment Fund, which has been mandated to provide last-mile construction funding for stalled residential real estate projects pertaining to affordable housing/mid income category.

Another positive intent by the government to resolve distressed assets is reflected in the MCA discussion paper released in January 2023 where MCA has invited comments from public for various matters pertaining to IBC including improving outcomes in real estate cases.

“With the evolving landscape of CIRP, series of landmark judicial orders, various steps by the government to improve investment, and IBBI's continued efforts to address the critical complex issues relating to real estate insolvency matters involving homebuyers, the probability of having successful resolutions in distressed assets in the real estate sector is likely to get improved, which will allow for an established ecosystem for early and successful resolution of distressed real estate assets.”

#### Surendra Raj Gang

Partner, Recovery & Reorganisation,  
Grant Thornton Bharat

# 04

# Embracing technology



## How digitisation can drive real estate businesses

- To embark on a successful real estate tech journey, businesses must consider implementing several essential tenets of technology, such as an ERP solution, reporting solution, cloud computing, point solutions, building automation, CRM and tools to monitor compliances and digitally execute sales and lease agreements to maintain customer data confidentiality.
- An ERP solution can manage all aspects of a business, from sales and marketing to inventory and finances, and help businesses automate processes and gain operational efficiency. A reporting solution can help businesses analyse data, generate insights and make informed decisions. Cloud-based solutions offer businesses the flexibility to scale up or down as needed and access to their data from anywhere. Point solutions can help businesses tackle specific challenges such as managing property listings, handling transactions and conducting market research. A leading commercial real estate digital leasing system helps brokers and landlords to manage deal activity, identify trends and quantify portfolio performance from their desktop or mobile device.

## Success stories

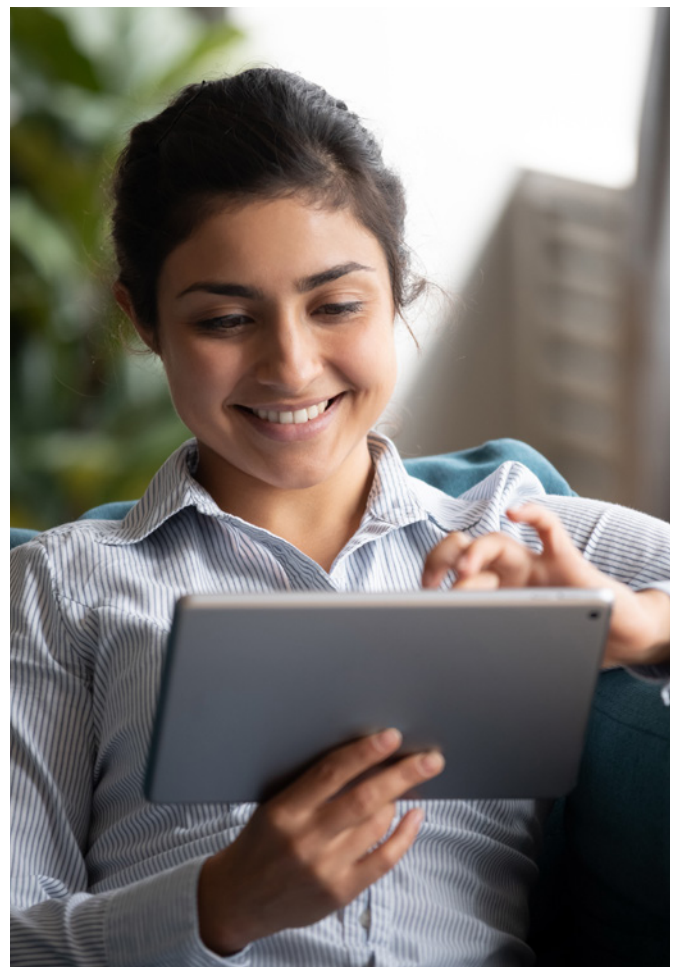
In recent times, various firms have been able to implement technology into their real estate businesses with impressive outcomes.

- A large Indian commercial real estate firm has showcased how technology can assist in the growth of businesses. They provide a suite of digital tools for real estate professionals to manage their businesses more efficiently. The suite of tools includes customer relationship management (CRM), property management, accounting, and sales automation tools. These tools help professionals handle their clients and listings, track their finances, and automate their workflows. Consequently, the company has witnessed significant revenue growth in a short span of two years, highlighting how technology can transform the real estate sector.
- Similar real estate success stories include an American online real estate marketplace that links buyers and sellers, and a UK-based platform that provides property listings, market data, and advertising for estate agents. Additionally, a digital platform has emerged that allows homeowners to sell their properties directly to the company without the need for a traditional real estate agent. This platform uses data analytics and machine learning algorithms to determine the fair market value of a property, making it possible for the company to make an instant cash offer to the seller. E-commerce platforms are being used by construction companies to purchase construction materials online and mentoring platforms are being used by startups to help build technology that addresses challenges in the

real estate sector. All these companies have harnessed technology to offer innovative solutions to their clients and have achieved considerable growth in revenue and market share.

## Digitising land records

- The integration of technology in the real estate sector has been progressively growing over the past few years. As per a report by the National Association of Estate Agents, in 2020, 70% of estate agents employed social media platforms to some extent for business purposes. The same report also revealed that 44% of estate agents use automated tools for lead generation, while 35% utilise automated tools for customer relationship management.
- Not only the professionals, but the clients are also leveraging technology in their everyday business activities. For instance, virtual tours and 3D property models have gained traction among clients who are searching for properties from remote locations. According to a survey by the National Association of Home Builders, 48% of home buyers used virtual tours to view properties in 2021, an increase from just 19% in 2019. Furthermore, 58% of tenants said they would rent an apartment without viewing it in person if the property had a virtual tour.



## Digital India Land Records Modernisation Programme

- In addition to the advantages of digitalisation for real estate businesses, there are also initiatives to digitise land records in India. Launched in 2016, the Digital India Land Records Modernisation Programme aims to digitise land records, minimise land disputes, and promote transparency in land-related transactions. The Ministry of Rural Development reports that as of September 2021, about 90% of land records have been digitised across India. The programme aims to digitise all land records in the country, making them accessible online to citizens and reducing the requirement for manual record-keeping. Digitising land records will simplify the process of land acquisition, registration, and transfer, making it more efficient, transparent and cost-effective. Additionally, it will assist in resolving land disputes and ensuring that landowners have undisputed ownership of their properties, which is beneficial for both individuals and businesses.

## The National Generic Document Registration System

- The Indian government's efforts to digitise land records have extended to the National Generic Document Registration System (NGDRS), an initiative launched in August 2020. The NGDRS enables the online registration of documents such as property deeds, significantly reducing the need for physical paperwork and streamlining the registration process. By providing a tamper-proof record of transactions, the system increases transparency and reduces the risk of fraud in land-related transactions. The NGDRS has been implemented in 29 states and union territories as of September 2021, covering over 95% of the country's population, and has processed over 25 million registrations so far. The introduction of the NGDRS not only simplifies real estate transactions, but also promotes transparency and reduces corruption in the sector.

“Technology has had a significant impact on the real estate industry, allowing businesses to streamline their operations, increase productivity, and provide greater value to their customers. The industry has been steadily increasing its adoption of technology, with many real estate professionals already using automated tools to manage their tasks. Virtual tours, 3D property models, AI, and blockchain technology have also become increasingly popular in recent years. Virtual tours that use AR and VR have provided clients with an interactive virtual tour experience, while AI has helped agents and brokers better predict the future rent and value of a property in a specific market. The tokenisation of properties using blockchain technology has also made buying and selling properties more transparent and efficient. Furthermore, digitisation initiatives in India, such as the Digital India Land Records Modernisation Programme and the National Generic Document Registration System, have helped reduce land disputes and promote transparency in land-related transactions. Overall, technology has brought significant improvements to the real estate industry, allowing businesses to stay competitive and provide better experiences to their clients.”


**Pranav Kaushik**

Partner, dGTL - Digital Transformation,  
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# About PHDCCI



PHD Chamber of Commerce and Industry (PHDCCI) has been working as a catalyst for the promotion of Indian industry, trade and entrepreneurship for the past 117 years. It is a forward looking, proactive and dynamic PAN-India apex organisation. As a partner in progress with industry and government, PHDCCI works at the grass roots level with strong national and international linkages for propelling progress, harmony and integrated development of the Indian economy.

PHDCCI, acting as the 'Voice of Industry & Trade' reaching out to more than 1,50,000 large, medium and small industries, has forged ahead, leveraging its legacy with the industry knowledge across multiple sectors to take the Indian economy to the next level.

At the global level, we have been working with the embassies and high commissions in India and overseas to bring in the international best practices and business opportunities.

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