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The good and the bad of Union Budget 2025

Dhaval Ajmera, director, Ajmera Realty & Infra India: The Budget 2025 is a liquidity focused, offering significant relief to the middle class while maintaining a strong focus on infrastructure and real estate. With tax slab rationalization, increased disposable income and less compliance burden, it puts more money in the hands of common man, thus boosting both spending appetite and encouraging investment patterns for the general public. The Rs 11 lakh crore capital expenditure push will accelerate infrastructure development, along with the Urban Challenge Fund which reinforces urban transformation, boosting development and creation of newer micro-markets for the real estate sector.

Rakesh Reddy, director, Aparna Constructions: Financial impetus like the Rs 1 lakh crore Urban Challenge Fund and the Rs 1.5 lakh crore interest-free loan to states for infrastructure development will transform urban landscapes and boost real estate demand. Interestingly, the budget also brings in some relief for mid-income and affordable home buyers through the SWAMIH Fund. The much-anticipated tax reforms for the mid income groups will further increase spending potential and drive home buying in the country. While these measures are welcome, several key industry expectations for the real estate sector remain unaddressed.
Dilip Oommen, CEO of ArcelorMittal Nippon Steel India (AM/NS India): The Union Budget sets a bold course for an ‘Atmanirbhar Bharat’, demonstrating the Government’s commitment to sustainable growth under the Viksit Bharat@2047 agenda. With Rs 11.21 lakh crore allocated for capital expenditure, the focus on infrastructure will stimulate growth, especially in the steel sector. Actual spending from the committed outlay within the financial year will set the tone for immediate and future economic growth. The overall focus on renewable energy is a commendable step. The additional focus on Nuclear Energy, with a target of 100 GW by 2047, is a decisive step in India’s green energy transition.

Amit Jain, CMD, Arkade Developers: The recent budget introduces significant measures poised to invigorate the real estate sector. Allowing taxpayers to claim two self-occupied properties and increasing the TDS threshold on rent to Rs 6 lakhs from Rs 2.4 lakh per annum are commendable steps in the real estate sector. The revised personal income tax structure, with no tax up to Rs 12 lakhs, offers substantial relief to the middle class, potentially boosting housing demand. Continued infrastructure investments and improved connectivity in metros and Tier 1 & 2 cities can unlock new development opportunities, strengthening the sector and supporting sustainable growth in the industry.

Kamal Singal, MD & CEO, Arvind SmartSpaces: The Union Budget 2025-26 lays a strong foundation for urban transformation, with Rs 1.1 lakh crore Urban Challenge Fund driving city redevelopment, infrastructure upgrades, and sustainable growth. The continued support for housing through the SWAMIH scheme and SWAMIH Fund 2 will accelerate project completions and boost homebuyers confidence. Emphasis on public-private partnerships (PPP), asset monetization, and ease of doing business will unlock new opportunities for the real estate sector.

Ajitesh Korupolu, founder & CEO, ASBL: From a personal finance perspective, the budget introduces a significant tax exemption for individuals owning two self-owned properties, easing the financial burden for those looking to expand their real estate holdings. Additionally, the tax relief aimed at the middle class is expected to reduce the overall tax burden, giving individuals more financial flexibility as they consider buying their first home. While these moves aren't direct incentives for home loan interest, they still play a crucial role in making homeownership more accessible.

Rakshit Hargave, CEO, Birla Opus Paints: Its emphasis on the manufacturing sector, through measures designed to further enhance ease of doing business, will benefit multiple stakeholders. The enhanced National Manufacturing Mission will not only boost domestic production but also position India as a global manufacturing hub. This is also a significant step towards Atmanirbhar Bharat, helping us create numerous job opportunities and setting the stage for a vibrant and competitive manufacturing sector in India. The budget also offers significant tax relief through rebates, which is anticipated to boost domestic consumption and invigorate the retail sector.

Jayant B Manmadkar, CFO, Brigade Group: While there has not been any specific announcement for the real estate sector, the enhanced focus on UDAAN, which integrates smaller towns into the airline network and boosts tourism, will positively impact the hospitality sector. Streamlining the process and speeding up approvals for merger schemes and fast-track mergers will further benefit the industry's consolidation. Additionally, consistent overall policy framework aiming for an annual growth rate of 8%, compared to the current rate below 6%, is crucial for long-term success and achieving the targeted growth of the Indian economy.

Shalabh Chaturvedi, MD, CASE Construction Equipment, India & SAARC: The substantial increase in funding for key infrastructure projects, NIP extension, bridging the rural-urban divide, and enhanced allocations urban infrastructure set the stage for new opportunities in Construction Equipment Industry. The Rs 2.87 lakh crore allocation for road transport and highways is a significant investment that aligns with our mission to support and strengthen India's infrastructure growth. Furthermore, the emphasis on National Centers of Excellence for Skilling and vocational training is a welcome move, ensuring that India is future-ready by integrating innovation, technology, and workforce development.

Rizwan Soomar, CEO & MD, DP World Middle East North Africa and India subcontinent: The Union Budget will significantly enhance ease of doing business, workforce skilling and manufacturing competitiveness with its continued focus on development of maritime infrastructure, domestic air connectivity, development of dedicated rail freight corridors (DFCs) and large-scale port modernization. The government's commitment to inland water transport through the tonnage tax scheme will provide a more sustainable and cost-effective way of cargo movement.

Kalyan Chakrabarti, CEO, Emaar India: The budget's focus on housing reforms, including tax incentives and a broader definition of affordable housing, will make homeownership more accessible. We appreciate the recognition of gig workers through initiatives such as healthcare under PM Jan Arogya Yojana and registration on the e-Shram portal. This move will benefit nearly 1 crore gig workers, acknowledging their contribution to India's digital and service economy. The next five years present a unique opportunity to drive 'Sabka Vikas', and we are optimistic about India's journey toward becoming a global economic powerhouse. At Emaar India, we remain committed to supporting the government's vision by delivering projects that embody quality, innovation, transparency, and sustainability.

Manoj Gaur, CMD, Gaurs Group & chairman, CREDAI National: Budget 2025 underlines the Central government's commitment to economic expansion, infrastructure advancement, and financial stability, thereby fostering a conducive environment for real estate growth. Measures supporting start-ups and job creation, coupled with much needed reductions in income tax slabs, are set to enhance liquidity and stimulate demand in the sector. While the focus on overall growth is encouraging, we look forward to further initiatives that will accelerate affordable housing development, ensuring inclusive progress for the country.

Rohit Gera, MD, Gera Developments: The changes in personal tax slabs and rebates will significantly boost disposable income, enhancing homebuyers' affordability. With more disposable income available, buyers can allocate higher amounts toward EMIs, enabling them to purchase larger homes or homes in better locations. Dual-income families aiming for homes priced between Rs 80 lakh and Rs 1.25 crore will experience the most significant affordability improvement.

Anil G. Verma, executive director & CEO, Godrej Enterprises Group: By supporting domestic industries and easing business regulations, it paves the way for companies like Godrej Enterprises Group to contribute more effectively to the country's progress through innovation and engineering. The government's focus on advanced technology, with funding for deep tech and 10,000 new research fellowships, will drive growth in critical sectors such as clean energy, aerospace, and defence where we continue expanding our expertise.

Dr Niranjan Hiranandani, chairman, Hiranandani Group & Naredco: Central to this budget is its unwavering focus on infrastructure enhancements. Notably, it incentivizes the purchase of a second flat, encouraging real estate investments. Moreover, the introduction of SWAMIH Fund 2.0 seeks to alleviate the burden on constrained homebuyers by delivering stalled projects, while the hike in TDS on rentals up to Rs 6 lakhs promises to bolster rental investments. By expediting mergers and acquisitions, the budget aims to initiate new real estate projects under innovative business models. Additionally, addressing the skill gap through the establishment of new centres of excellence will help bridge the widening talent chasm. However, the concern over inadequate long-term investment allocation remains a hindrance to achieving the ambitious Viksit Bharat growth targets.

Deepak Shetty, CEO and MD, JCB India: Focusing on four powerful engines—Agriculture, MSMEs, Investment, and Exports—will drive growth across all sectors. Strengthening the rural economy will help reduce inflation, while increased agricultural investment will grow it further. Strategic support for MSMEs will foster innovation and position them as key players in making India a global supply chain hub.

Raghupati Singhania, chairman & MD, JK Tyre & Industries: The Union Budget 2025-26 lays a strong foundation for India's continued economic resilience and manufacturing excellence. Thrust on green energy transition, manufacturing and ease of doing business will propel the automotive and tyre industries forward. Emphasis on clean tech manufacturing, with incentives for EV components and advanced mobility solutions, aligns well with automotive sector's vision for sustainability. Additionally, the measures to strengthen global supply chain integration and streamline trade regulations will bolster India's global manufacturing competitiveness. We look forward to leveraging these opportunities to drive innovation and sustainable growth.

Parth Jindal, MD, JSW Cement; VP, Cement Manufacturers' Association (CMA): The Budget presented by Finance Minister Smt. Nirmala Sitharaman is a forward-looking roadmap that will play a pivotal role in shaping the future of India's cement industry, in line with the country's vision for a Viksit Bharat by 2047. It prioritizes growth in key sectors such as infrastructure, manufacturing, and technology. The increased investment in technology will accelerate advancements in green cement solutions, driving both sustainability and innovation within the industry.

Amit Kumar Sinha, MD & CEO, Mahindra Lifespace Developers: The introduction of the Rs 1 lakh crore Urban Challenge Fund and incentivization of governance and urban planning reforms will strengthen city-level development, fostering sustainable, well-planned urban ecosystems. The government's continued push towards improving ease of doing business bodes well for us as enablers of the manufacturing sector.

Ramesh Nair, CEO, Mindspace Business Parks REIT: The Union Budget 2025 takes a decisive step towards strengthening India's urban infrastructure and fostering business-friendly environments. The Rs 1 lakh crore Urban Challenge Fund and incentivized urban reforms will enhance governance, municipal services, and city planning, key enablers for sustained commercial growth. The national framework for Global Capability Centers (GCCs) is particularly encouraging, as we have seen GCCs emerge as some of the largest occupiers of Grade A office spaces. Strategic infrastructure upgrades in emerging cities will unlock new opportunities for businesses and further India's position as a global services hub.

G Hari Babu, national president of Naredco: Urban Challenge Fund, aimed at redeveloping cities and improving water and sanitation infrastructure. This fund will support up to 25% of bankable projects, with a requirement to raise at least 50% of funding through bonds, loans, and PPPs. Additionally, Rs 15,000 crore has been allocated for the rapid completion of 1 lakh dwelling units, contributing to the affordable housing sector. However, the Budget 2025 could have also addressed some crucial areas, particularly the affordable housing segment. Rising home loan interest rates and the outdated definition of affordable housing have created barriers for many potential homeowners. The government should prioritize revisions to the current housing cap, which has been stagnant for nearly eight years, making it difficult for developers to deliver affordable homes within the set limits. A more substantial focus on reducing home loan rates and offering tax benefits for affordable housing projects would help make homes more accessible to middle-class families.

Ashish Puravankara, MD, Puravankara: The Union Budget 2025-26 is a strong and progressive one for the real estate sector, driving economic growth and urban transformation. The rationalisation of income tax slabs, raising the exemption limit to Rs 12 lakh, revision of tax structure up to Rs. 24 lakhs, and increasing rental TDS thresholds will boost disposable income. The tax exemption on notional rent for a second self-occupied home is a significant relief, encouraging investment in real estate. Coupled with a higher standard deduction, these measures will drive housing demand, particularly in the affordable and mid-segment categories.

Yancharla Rathnakara Nagaraja, MD, Ramky Infrastructure: The Rs 1.5 lakh crore outlay for interest-free loans to states underscores the importance of supporting regional development and incentivizing reforms. The second Asset Monetization Plan (2025-30) will unlock value from public assets, reinvesting capital into further infrastructure projects. The support for projects like the Western Koshi Canal ERM Project demonstrates the commitment to improving agricultural infrastructure. Lastly, providing private sector access to the PM Gati Shakti portal data is a crucial step toward optimizing project planning and execution, fostering greater collaboration between public and private entities in shaping the future of India’s infrastructure.

Deepak Sharma, zone president, greater India and MD & CEO, Schneider Electric: The National Manufacturing Mission, focused on cleantech and ‘Make in India for the World,’ holds immense potential to transform our manufacturing landscape. The budget also recognizes the critical role of agriculture in India’s growth story. Initiatives like the PM Dhandhanya Krishi Yojana, benefiting an impressive 1.7 crore farmers, alongside increased Kisan Credit Card limits and investments in vital agricultural infrastructure, demonstrate a strong commitment to this sector. Skill development is paramount for India to thrive in the Fourth Industrial Revolution. The establishment of national centers of excellence will empower our workforce with the skills needed for the future economy.

VG Sakthikumar, MD and chairman, Schwing Stetter India: A major highlight is the plan to connect 120 new airports over the next decade, improving regional connectivity, trade, and mobility. The budget also strengthens 5.7 crore MSMEs, which contribute 36% to manufacturing and 45% to exports, by expanding credit support for micro enterprises. This budget fuels the Make in India initiative, driving construction and manufacturing industry growth, generating employment, and reinforcing India’s economic resilience while unlocking new opportunities for sustainable development and prosperity.

Venkatesh Gopalakrishnan, director group promoter’s office, MD, Shapoorji Pallonji Real Estate (SPRE): The sustained support for Pradhan Mantri Awas Yojana, alongside the government maintaining its robust capital expenditure trajectory with an increased allocation of Rs 11.21 lakh crore, demonstrates a comprehensive approach to infrastructure development. This consistent capex commitment, coupled with expanded infrastructure investments, creates a strong foundation for real estate growth. These coordinated policy measures enhance market dynamics by expanding participation across income segments while fostering sustainable development practices.”

Murali Malayappan, chairman & MD, Shriram Properties: The increase in the zero-tax slab to Rs 12 lakh will result in Rs 1 lakh crore in savings for the middle class. This additional disposable income will drive consumption and demand, significantly benefiting multiple industries, particularly the housing sector. With increased affordability, housing sales—especially in the mid-market segment—are expected to rise substantially. Additionally, tax relief on self-occupied second home ownership will further incentivize investment in the sector.

Pradeep Aggarwal, chairman, Signature Global (India): The SWAMIH Fund 2 with Rs 15,000 crore will accelerate the completion of stalled housing projects, bringing relief to over one lakh homebuyers. The Rs 1 lakh crore Urban Challenge Fund will play a pivotal role in transforming cities into vibrant growth hubs, ensuring balanced regional development. The masterstroke of direct tax reform—exempting income up to Rs 12 lakh—will significantly boost disposable income, increasing affordability for homebuyers and driving real estate demand.

Madhusudan G, CMD, Sumadhura Group: The removal of restrictions on owning two self-occupied properties without tax implications and the higher TDS exemption threshold on rental income (Rs 6 lakh) will spur fresh residential investments. Additionally, the government’s push for manufacturing under PM Gati Shakti, along with incentives for MSMEs, startups, and clean-tech sectors, will generate employment and income growth, fueling demand across residential, commercial, and warehousing segments.

Sunny Bijlani, joint MD, Supreme Universal: Taxpayers are now allowed to claim the annual value of two self-occupied properties as nil, effectively exempting them from paying tax on notional rental income for both properties. Previously, only one self-occupied property could be claimed as tax-exempt, while additional properties were subject to tax based on deemed rental income, even if they were not rented out. This amendment provides substantial tax relief to homeowners with multiple properties and encourages homeownership by reducing the financial burden associated with owning more than one home. It reflects a more progressive approach in accommodating the diverse needs of property owners. Also, the real estate sector is set for significant growth, driven by the government’s unwavering commitment to infrastructure development.

Vivek Bhatia, MD & CEO, TKIL Industries: Over the past decade, structural reforms have drawn global attention, and the announcement of a National Manufacturing Mission is a significant step in strengthening the Make in India initiative. This will drive clean-tech manufacturing, bolstering the ecosystem for solar cells, EV batteries, wind turbines, and more. The Rs 1.5 lakh crore allocation for 50-year interest-free loans is set to accelerate infrastructure development, unlocking new growth avenues for us. These strategic measures position India as a rising global manufacturing hub, seamlessly aligning with its green energy and economic ambitions. Further, the initiatives on tax rationalisation will give a boost to the consumption economy further driving economic growth.

Siddharth Vasudevan Moorthy, MD, Vascon Engineers: The Rs 15,000 crore allocation through SWAMIH for the swift completion of one lakh dwelling units via blended finance offers much-needed relief to homebuyers. Incentivizing technology adoption through grants, tax benefits, and partnerships, particularly for digital tools like AI and block chain, will be crucial for scaling operations within the real estate sector. These measures, combined with income tax relief, are expected to boost homebuyer confidence and stimulate demand. Furthermore, increased infrastructure spending on roads, highways, smart cities, and urban development will significantly drive demand for EPC services.

Harshvardhan Tibrewala, MD, Vida Realty: The incorporation of SWAMIH Fund 2 that allocated Rs 15,000 crores, allows stalled housing projects successful. Urban sector reforms are in the spotlight due to a Rs 1 lakh crore Urban Challenge Fund on sustainable development and city infrastructure. Valuation of two self-occupied properties at Nil rather than one can help reduce financial burdens on the owners of such properties and makes homeownership look attractive and cheaper. Income tax relief measures can bring more money to the people’s pockets that would increase the purchasing power, hence increasing the demand in housing sectors. On the demand side, the personal income tax reforms—particularly the increase in the TDS exemption on rental income from Rs 2.4 lakh to Rs 6 lakh and the higher tax deduction limits for senior citizens—will enhance disposable income and strengthen consumer sentiment.

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Real-Estate Sector Budget 2025 LIVE: Guidance framework for global capability centres to boost commercial real estate

Sitharaman presenting the Union Budget 2025 unveiled a series of tax incentives aimed at positioning as a leading global financial hub. These measures are expected to attract more investment, drive financial innovation, and generate high-quality employment opportunities. One of the key announcements is the extension of the deadline for businesses to commence operations in GIFT City until March 2030 to qualify for tax benefits. This move is intended to provide long-term certainty for investors and encourage sustained growth within the International Financial Services Centre (IFSC). Further, tax exemptions have been introduced on proceeds from life insurance policies issued by intermediaries, without having any pre-condition related to maximum annual premiums. Additionally, the capital gains exemptions currently available to non-residents investing in aircraft leasing have been extended to non-residents holding shares of the IFCS units engaged ship leasing as well. The government has also proposed to remove the applicability of the 'deemed dividend' provision on inter-group borrowings, a step expected to benefit corporate treasury operations within the IFSC regime. Another significant reform is the introduction of a simplified regime for fund managers, making GIFT City more attractive for global funds. The inclusion of (ETFs) under tax exemptions for fund relocation is expected to boost investment flows. Furthermore, non-resident's income from non-deliverable forward contracts will now be tax-exempt, promoting cross-border trading activities. These strategic measures reaffirm the government's commitment to strengthening GIFT City's position as a premier financial hub. By fostering a stable and competitive business environment, the government aims to transform GIFT City into a global financial powerhouse, driving India's economic growth and reinforcing its role in international finance.

Murali Malayappan, Chairman & MD, Shriram Properties

The recently announced budget is highly promising for several reasons. The increase in the zero-tax slab to Rs 12 lakh will result in Rs 1 lakh crore in savings for the middle class. This additional disposable income will drive consumption and demand, significantly benefiting multiple industries, particularly the housing sector. With increased affordability, housing sales—especially in the mid-market segment—are expected to rise substantially. Additionally, tax relief on self-occupied second home ownership will further incentivize investment in the sector. The government's decision to launch a second distressed asset resolution fund with an initial investment of Rs 10,000 crore, scaling up to Rs 1 lakh crore, will further streamline stalled projects. This move will provide a major impetus to the mid-market housing segment and help clear distressed assets.

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Budget Reaction Quote From Mr. Murali Malayappan, Chairman & MD, Shriram Properties Ltd

"The recently announced budget is highly promising for several reasons. Boost in Consumer Spending: The increase in the zero-tax slab to ₹12 lakh will result in ₹1 lakh crore in savings for the middle class. This additional disposable income will drive consumption and demand, significantly benefiting multiple industries, particularly the housing sector. Surge in Housing Demand: With increased affordability, housing sales—especially in the mid-market segment—are expected to rise substantially. Additionally, tax relief on self-occupied second home ownership will further incentivize investment in the sector. Expansion of the SWAMIH Fund: The government's decision to launch a second distressed asset resolution fund with an initial investment of ₹10,000 crore, scaling up to ₹1 lakh crore, will further streamline stalled projects. This move will provide a major impetus to the mid-market housing segment and help clear distressed assets. As a leader in mid-market housing, Shriram Properties Ltd is poised to benefit from the increased demand, enhanced liquidity, and revitalization of distressed assets, positioning us strongly for accelerated growth. This budget is truly a game-changer for the real estate sector."

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Union Budget 2025: Key Reforms for Real Estate Growth

NEW DELHI — On February 1, Finance Minister Nirmala Sitharaman presented the Union Budget 2025-26, focusing on economic growth, infrastructure development, and tax reforms, as published by The Economic Times.

While there were no direct changes to property taxes or home loan benefits, the budget introduced several initiatives that will positively impact the real estate sector. These measures emphasize urban infrastructure, housing, and investment.

Key Measures for the Real Estate Sector

SWAMIH Fund 2

The government's successful Special Window for Affordable and Mid-Income Housing (SWAMIH) has completed 50,000 dwelling units in distressed housing projects. The government plans to complete an additional 40,000 units in 2025. Building on this success, the government will establish SWAMIH Fund 2 with an initial corpus of Rs 15,000 crore. The fund aims to expedite the completion of 100,000 more units, focusing on middle-class families who are paying both EMIs for incomplete apartments and rent for their current homes.

Tax Relief for Residential Property Investors

In a bid to ease the tax burden, the government proposed allowing taxpayers to claim the annual value of two self-occupied properties as nil, without having to meet specific conditions. This measure is aimed at alleviating the challenges faced by property investors.

Increased TDS Limit for Rent

The annual limit for TDS on rent will be increased from Rs 2.4 lakh to Rs 6 lakh, reducing the number of rental transactions subject to TDS. This change is designed to benefit small taxpayers receiving rental income below the new threshold.

Public-Private Partnership in Infrastructure Projects

The government has proposed a 3-year pipeline for infrastructure projects under the Public-Private Partnership (PPP) model. States will be encouraged to create their own PPP projects and can access support from the India Infrastructure Project Development Fund (IIPDF) to help prepare proposals.

Urban Reforms and the Urban Challenge Fund

The government will set up an Urban Challenge Fund with a corpus of Rs 1 lakh crore to finance urban infrastructure projects. These projects will focus on the themes of "Cities as Growth Hubs," "Creative Redevelopment of Cities," and "Water and Sanitation," which were announced in the July Budget. The fund will finance up to 25% of bankable projects, with at least 50% of the cost covered by bonds, bank loans, or PPPs. An allocation of Rs 10,000 crore is proposed for the fund in 2025-26.

Promotion of Global Capability Centres (GCCs)

A national framework will be developed to promote Global Capability Centres (GCCs) in emerging tier 2 cities. This initiative will provide measures to enhance talent availability, infrastructure, building-byelaw reforms, and industry collaboration.

Support for State Infrastructure Development

The government has proposed an allocation of Rs 1.5 lakh crore for interest-free loans to states for capital expenditure. This move is designed to support infrastructure development across the country, indirectly benefiting the real estate sector.

Industry Reactions

Positive Responses

Several stakeholders in the real estate industry have welcomed the budget's focus on middle-class affordability and urban development. Murali Malayappan, Chairman and Managing Director of Shriram Properties, emphasized that the increase in the zero-tax slab to Rs 12 lakh would lead to Rs 1 lakh crore in savings for the middle class. This additional disposable income is expected to drive demand, especially in the mid-market housing segment. Malayappan also supported the launch of SWAMIH Fund 2, which will help resolve stalled projects and provide a much-needed boost to the housing sector.

Tribhuwan Adhikari, MD and CEO of LIC Housing Finance, noted that the tax exemption for earnings up to Rs 12 lakh would make homeownership more accessible, especially for salaried individuals. He also praised initiatives like the Rs 1.5 lakh crore capex-linked loans to states and the expansion of the SWAMIH Fund, which will support affordable housing.

Mixed Responses

While many industry leaders welcomed the budget's focus on urban infrastructure, some felt that crucial issues within the real estate sector had been overlooked. G Hari Babu, National President of NAREDCO, pointed out that the definition of affordable housing has not been updated for nearly eight years, making it difficult for developers to deliver affordable homes within the set limits.

He called for more substantial tax relief, especially for rental housing, and for reductions in home loan interest rates to support middle-class homebuyers.

Jagadish Nangineni, Managing Director of Sobha, echoed similar sentiments, stating that while urban infrastructure reforms were important, the budget failed to address the ongoing challenges in the affordable housing sector, including rising home loan interest rates.

Support for Flexi-Office Spaces and GCC Growth

Shesh Rao Paplikar, Founder and CEO of BHIVE Workspace, welcomed the government's proposal to develop a national framework for Global Capability Centres (GCCs), which he believes will drive demand for flexible office spaces in tier 2 cities. Paplikar sees this initiative as an opportunity to increase the uptake of co-working spaces across the country, fueling commercial real estate growth in emerging cities.

Amit Kumar Sinha, MD and CEO of Mahindra Lifespace Developers, also praised the government's focus on infrastructure-led growth and urban sector reforms. He believes the introduction of the Urban Challenge Fund and the incentivization of urban planning reforms will help create future-ready cities, fostering well-planned and sustainable urban ecosystems.

Concerns Over Missed Opportunities

Some industry leaders, such as Sushil Mohta, President of Credai West Bengal, expressed disappointment that the government had not addressed some of the most pressing concerns in the real estate sector. Mohta highlighted the lack of action on key demands, such as an update to the affordable housing cap, a revision to the home loan interest exemption limits, and the recognition of real estate as an industry.

Niranjan Hiranandani, Chairman of NAREDCO and Hiranandani Group, expressed optimism over the budget's potential to drive demand in the real estate sector.

Hiranandani highlighted that the increased disposable income for middle-class families would spur demand for homes, especially in emerging growth corridors. He also noted that the reduction in home loan interest rates could further fuel the sustained demand for residential real estate.

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Mid-premium homes set to see higher demand

The sales of mid-premium residential properties (priced between Rs 1-2 crore) are expected to get a leg up with the Union Budget proposals.

As per the Budget proposal, those earning upto Rs 12 lakh in salary will pay nil income tax in the new regime. This move is expected to leave additional disposable income in the hands of taxpayers. A third of the tax relief , estimated at Rs 1 lakh crore could go into consumer expenditure and the rest into savings and investments, according to estimates.

"I think more disposable income will augment demand for mid-premium (Rs 1-2 crore) housing segment. These are typically first-time home buyers and upgrade their homes in a few years as they move up in their career," said Amit Kumar Sinha, managing director and CEO at Mahindra Lifespaces.

Sinha said the premium properties (between Rs 2-5 crore) will have some impact, due to rub-off from more interest in the mid-premium segment.

Unlike affordable housing – properties priced less than Rs 40 lakh – the premium and mid premium segments have been posting good sales in recent times.

The supply of premium properties – priced over Rs 1.5 crore – increased by 24% in CY2024. The segment's share in total launches increased to 30 % in H1 CY24 from 11% in 2019. Premium home sales increased to 26% in 2024, from merely 7 %n 2019, according to Anarock Research.

Houses priced between Rs 40 lakh and Rs 1.5 crore (mid- and premium segment) had a share of 52 % in total supply in H1 CY24 and a share of 56 % in total sales in 2024. The segment's share in sales and launches has hovered around 49-63 % over the years.

Gulam Zia, senior executive director at Knight Frank said the combination of higher disposable income, improved sentiment due to economic stability and attractive home loan rates will encourage buyers to invest in premium and luxury segments.

“NRIs and HNIs may find the Indian luxury real estate market more appealing, especially in key metros like Mumbai, Bengaluru and Delhi-NCR,” Zia said, adding that developers are likely to introduce more premium projects to meet this anticipated demand, focusing on amenities, sustainability and smart home technologies.

The number of HNIs is expected to double to 1.65 million by 2027. Over 15% of India’s HNIs are under 30, riding on success of unicorns, IPOs and tech-driven ventures. This number is expected to rise to 25% by 2030, as younger entrepreneurs redefine wealth creation, according to Anarock.

Real estate continues to be a cornerstone of wealth allocation for Indian HNIs and UHNIs, with 32% of their wealth allocated to real estate, Anarock said recently.

Budget proposals such as concessions for two self-occupied houses and increase in limit for TDS on rent to Rs 6 lakh is expected to further boost demand for premium houses, developers said.

“We anticipate customers with these advantages (Budget proposals), to be more inclined to buy real estate over renting, particularly homes that offer modern amenities and spacious living spaces,” said Jayant B Manmadkar, chief financial officer at Brigade Group.

Properties such as larger/premium apartments, integrated townships, homes with good amenities will continue to be more in demand as they cater to the evolving lifestyle, aspirations and preferences of homeowners, Manmadkar said.

Murali Malayappan , chairman and managing director at Sriram Properties said while there is already a shift in preference for luxury and high-end properties by a section of society, the Budget announcement further enhances aspirations.

“The ripple effect of this would be premiumization of the mid and upper mid-market segments as we may see developers offering better amenities in those segments as well in order to make them appealing to consumers.

After the budget, the RBI’s move to cut rates is expected to revive sales of affordable housing which has been hit by higher rates in the last couple of years, experts have said.

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Mr. Murali Malayappan, Chairman & MD, Shriram Properties Ltd .

The recently announced budget is highly promising for several reasons. Boost in Consumer Spending: The increase in the zero-tax slab to ₹12 lakh will result in ₹1 lakh crore in savings for the middle class. This additional disposable income will drive consumption and demand, significantly benefiting multiple industries, particularly the housing sector. Surge in Housing Demand: With increased affordability, housing sales—especially in the mid-market segment—are expected to rise substantially. Additionally, tax relief on self-occupied second home ownership will further incentivize investment in the sector. Expansion of the SWAMIH Fund: The government's decision to launch a second distressed asset resolution fund with an initial investment of ₹10,000 crore, scaling up to ₹1 lakh crore, will further streamline stalled projects. This move will provide a major impetus to the mid-market housing segment and help clear distressed assets. As a leader in mid-market housing, Shriram Properties Ltd is poised to benefit from the increased demand, enhanced liquidity, and revitalization of distressed assets, positioning us strongly for accelerated growth. This budget is truly a game-changer for the real estate sector.