



A Study on Indian Real Estate Market and Investment in Real Estate

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Abstract

Robin Charbray -founder and CEO Of Dexterous work-space said has told in the “Year 2023.”.At a time when India’s economy has expanded become fifth largest in the world, surpassing prestigious nation like the UK, it is encouraging to note that the efforts outlined in the budget have the potential to strengthen the real-estate sector both directly and indirectly .The budget would play a key role enhancing economic development through reforms to the tax code ,increased infrastructure spending ,and a focus on affordable housing. A greener, better, and more inclusive future has been paved by budget, 2023-24, and India can rise from fifth place to better positions in the foreseeable future, with strong support from the real estate sector. The real-estate sector is going to continue on it of long term growth continues rise in GDP per capital ,larger disposable incomes, growing urbanization and most of all a larger focus on the world in the economy. The co-working sector in India is expected to cross 50 million sq. ft by the end of the year 2023 which would be a YOY 15% increase. managed office spaces shall continue growing at 10%in 2023. According to a recent JLL report, the net absorption of office spaces in 2022 across the top seven cities (Mumbai, Delhi, Bengali, Hyderabad, Chennai, Katakana& Rune) has been 38.25 million sq. ft, said Robbin chambray.

Keywords: Real Estate, GDP, Market, Investment

1. Introduction

The BSE is the first and largest securities market in India and established 1875 is as the native share and stock brokers association. Based on Mumbai, India, the lists close to 6,000 companies and is one of the largest exchange in the world, along with the New York stock exchange (NYSE), NASDAQ, London stock exchange group, Japan exchange group. The BSE has helped develop India’s capital markets, including the retail debt market and has helped grow the Indian corporate sector. The BSE is Asia’s first stock exchange and also include an equities trading platform for small and medium enterprises (SME). BSE has diversified into providing other capital market services including clearing; settlement and risk management. Real estate is property consisting of land and the building on it, along with its natural

resources such as crops, minerals or water; immovable property of this nature; an interest vested (also) an item of real property, buildings or housing in general. In terms of law, real is in relation to land property and is different from personal property while estate means the “interest” a person has in that land property. Real estate is different from personal property, which is not permanently attached to the land, such as vehicles, boats, furniture’s, tools and the rolling stock of a farm. In the United States, the transfer, owning, or acquisition of real estate can be through business corporations, individuals, non-profit corporations, fiduciaries, or any legal entity as seen within the law of each U.S. state. Most Indians believe that real estate is the best asset class to invest in. This belief comes from the ever increasing real

estate prices and the stories of a number of quick rich billionaires it has generated. However, the return that a developer or builder can make out of real estate is significantly higher than what an individual investor can make. Most people think that real estate gives a better return than equities. While the BSE Sensex has been up by 386 times since 1979 to 2019, flat in Mumbai would have been up by only 150 times. The average Real Estate has outperformed one of the most renowned Mumbai properties by about 1.25 times, without even considering dividend reinvestment and maintenance outflows and the time value of money. 10 years early investment in real estate. Surely in the last 5 or 10 years, real estate has outperformed equities. But that is one of the reasons why equities seem cheaper compared to real estate today.

2. An Investment

In markets where land and buildings prices are rising, real estate is often purchased as an investment, whether or not the owner intends to use the property. Often investment properties are rented out, but “flipping” involves quickly reselling a property, sometimes taking advantage of arbitrage or quickly rising value, and sometimes after repairs are made that substantially raise the value of the property.

Luxury real estate is sometimes used as a way to store value, especially by wealthy foreigners, without any particular attempt to rent it out. Some luxury units in London and New York City have been used as a way for corrupt foreign government officials and business people from countries without strong rule of law to launder money or to protect it from seizure.

2.1 Maintenance Charges

Most people also tend to think that while real estate requires outflow in the form of maintenance charges and repairs costs, Real Estate creates inflows of dividend. Obviously if you rent out your property it can create an inflow, but then it creates another issue getting the right tenant.

2.2 Effect of Business Cycle

The United States is in the late-cycle expansion phase with a rising likelihood of recession. In labour

market, declining profit margins, rising inventories tightening credit conditions contractionary monetary policy and an inverted yield curve, real wage growth has improved as nominal wage growth remains high with inflation slowing positive real wage growth and a still tight job market are supportive of the large consumer sector. The central bank faces a difficult challenge bringing core inflation back to near its target without prompting a significant downturn.

2.3 Land Development

Land development is the alteration of land space in any number of ways such as changing land forms from a natural or semi-natural state for a purpose such as agriculture or housing. Sub-dividing real estate into lots, typically for the purpose of building. Ex: converting an unused factory complex into a condominium. Real estate stocks are a lucrative option for investors who are looking for a long-term investment option. The real estate sector has shown considerable growth in the past few years, providing investors with a chance to earn good returns on their investments. The Bombay Stock Exchange (BSE) is one of the leading bourses in India, and it provides investors with an opportunity to purchase real estate stocks.

Factors that influence investors to invest in real estate stocks with BSE

Several factors influence investors to invest in real estate stocks with BSE, a few of them are

Returns: The potential returns from real estate stocks are a major driving force for investors to invest in them. Therefore, investors compare the returns of real estate stocks with other asset classes before investing.

Market expectations: Market expectations in a particular sector can prompt a surge in the demand for stock. For example, if there is an expectation of market growth in the real estate sector, investors may invest in real estate stocks.

Diversification: Investors may choose to invest in real estate stocks to diversify their investment portfolio. Diversification helps investors minimize their investment risk and maximize their potential returns.

Economic events: Economic events such as the

prevailing economic trends, interest rates, inflation, and the GDP growth rate influence investor's interest in real estate stocks. Investors need to understand the possible impact of these economic events on the performance of real estate stocks with BSE.

2.4 Perception of Investors Towards Risk and Benefits of Real Estate Stocks

The perception of investors towards risks associated with real estate stocks is a significant factor that influences their investment decisions. The primary risks associated with real estate stocks are the economic downturn and the volatility of the stock market. Investors' perception towards the benefits of real estate stocks is positive, and they acknowledge its potential to provide a consistent and long-term return on their investments. Real estate stocks are considered a long-term investment option that provides some stability.

2.5 Impact of Macroeconomic Factors on Real Estate Stocks with BSE

Macroeconomic factors like interest rates, inflation, and GDP growth play a vital role in determining real estate stock performances in BSE. Changes in interest rates and inflation rates influence the purchasing power of the people, affecting the demand and supply of the real estate sector. The GDP growth rate influences the overall market, affecting the real estate sector demand and supply chain.

2.6 Future Prospects of Real Estate Stocks with BSE

Real estate stocks with BSE have a positive outlook according to market experts. The Indian real estate sector is expected to recover from the pandemic-induced slowdown due to the government's initiatives like RERA, GST, and PMAY. These initiatives are expected to boost investments in the real estate sector, resulting in increased demand and growth opportunities. Real estate stocks with BSE have proved to be a lucrative investment option for both individual and institutional investors. The potential returns, diversification opportunities, and relatively low risk make real estate stocks an attractive option compared to other asset classes.

However, investors need to understand the risks associated with the stocks and the impact of macroeconomic factors on their investment decisions. Finally, investors should keep an eye on market trends and engage financial advisors before investing. Real estate stocks have been an attractive investment option for investors for many years. The real estate sector in India has experienced significant growth in the past decade, and this has provided a tremendous opportunity for investors to invest in real estate stocks. With the emergence of the Bombay Stock Exchange (BSE) as one of the leading bourses in India, more investors are now looking towards real estate stocks as an investment option. This study aims to analyze the attitudes and behaviors of investors towards real estate stocks listed on the BSE. The objective of the study is to identify the factors that influence investors to invest in real estate stocks and how investors perceive the risks and benefits associated with real estate stocks. The study will also examine the impact of macroeconomic factors, such as interest rates, inflation, and GDP growth, on the performance of real estate stocks on the BSE. The study will be based on a survey of individual and institutional investors who have invested or are planning to invest in real estate stocks on the BSE. The research design will be cross-sectional, and a structured questionnaire will be used to collect data from the participants. The findings of this study will provide valuable insights into the investor's attitudes and behaviors towards real estate stocks, and the implications of these findings will be discussed.

3. Review of Literature

T. Mani savanna Dr. T. Joseph (2017): Aimed to study the buying behavior of people towards residential flats in urban areas of Tamil Nadu State. While constructing building, developers need to focus on hygienic environment in addition to attractive facilities in order to keep home buyers being satisfied towards 16 purchasing of residential flats. Immovable property purchase has been considered as one of important decisions taken in individual's life. All the formalities, regulations and procedures on immovable property purchase need to

study for not being committing bad choices [1].

Dr. B Sridevi (2017): Found that the buyers are well aware of procedure of registration, buyer & seller transactions. But buyers don't have much awareness about previous registered deed details, zone restriction, authorized lawyer, tolerance plan, details of land promoter and agent. The government need to take essential steps for bringing the procedure more clearly and updated to reduce illegal practices in Realty industry. Aimed to identify the factors that are influencing the purchase decisions of various types of flats/apartments in pruned, India. The survey was conducted in pruned city outskirts and 284 respondents are participated in the survey. The recent buyers of 1 BHK, 2 BHK and 3BHK are approached for the survey and ten factors are considered to analyze most significant factor in each category of flats. This analysis reveals that the most significant factor for 1BHK flat buyers is price, no specific significant factor for 2BHK flat buyers and for 3BHK flat buyers the most significant factors are product and location. This study that the degree of significance given by latest buyers of various types of flats apartments towards various factors is varied. This study also concluded that the research studies on home-buying behavior are useful for the participants in residential industry [2].

S. Khaviy, S. Manoj, V. Saathiyapriya (2018): T. Made an attempt to identify influencing factors of customer satisfaction in residential building construction. Customer satisfaction is the main considering element in construction industry and which is one of the performance indicators of the industry. The Er. Kandinsky construction customers are selected for the survey and factor analysis was used to analyses the data. This study mainly aimed at identifying the most significant for customer satisfaction in residential building construction. Various facilities, aesthetics and neighborhood factors are included for the analysis. This study concluded that in Order to fulfil customer requirements a broad understanding on the way customer satisfaction varies is required. Made an attempt to recognize, review and investigate the purchasing pattern of people. Number of factors that

are considered by individuals while buying a house and even before buying are included in the survey. Both 1BHK and 2 BHK flat buyer's opinions are collected to study the consumer behavior. This study found that both financial and location factors are significantly interest influencing the decisions of buyers. This work concludes that economically strong people are willing to buy 2BHK flats and economically weak people are showing interest to buy 1BHK flats only and this work also suggests that the further research could be carried by including number of critical factors that may influence consumer [3].

Muhammad Sadiq (2019): Research has been conducted on know the impact of corporate governance and investor confidence on the corporate investment and identified that there is a significant impact decision in both countries and also the investment level is higher in the firms with good corporate governance practices [4].

Realty Stocks (2020): The real estate sector was one of the worst hit sectors during the covid-19 pandemic. Ever since the pandemic began, many real estate stocks plunged to new lows ex: The share price of DLF LTD .fell by 50% between January 2020 and April 2020. The share price of do-gooder properties also fell by 37% during the same duration. But, gradually as the economy started to revive, the shares of real estate Company to rally again. Real estate giant, DLF LTD was in Continuous bullish rally from April to October 2021. Since April 2021, the Indian real estate stocks have seen massive growth in their share prices. Today we will take a look at all the real estate stocks listed on Indian stock exchange [5].

Over view of the Indian Real Estate Sector (2021): The real estate sector is one of the most popular sectors across the world. Even if you don't believe in investing so almost every one of US plans to invest in the real estate sector at least once in our lifetime. The real estate sector is not just limited residential properties. It also includes offices; shopping malls; hotels and hospitals. Between January 2021 and September 2021; private equity investment inflows in India stood at US\$343 billion.

The cities in India surged 113% year on year in third quarter of 2021 [6].

Macro tech developers limited (2022): Mangle paratha Aloha Macro-Tech Developers Limited is none other than real estate, veteran longhand Developers, The Company engaged in the business of real estate development. They have developed many commercial and residential properties across India. The company has completed over 90 projects comprising a total area of 80 million square Feet as of FY 2021. It has also created several brands for mid-range and premium houses [7].

Prestige house (2022): Allyson k lasso's estate space. Till date; the has completed 120 residential offices, 112 office projects and 8 hospitality projects consisting of hotels, resorts and spas. Prestige estate generates 76% revenue from the real estate segment. Not just that prestige office venture has acquired 70% equity Stake in SHIPCO Infrastructures PVT LTD, which works into the logistics space [8].

Real-estate Investors (2023):

*** The Book on rental property investing:** Brandon Turner The book on rental property investing provides a solid Foundation for New comes looking to learn the ins and out of real estate investing It hits on each stage of the process from buying and holding properties to managing and selling them, expect to hit the ground running with actionable strategies and renewed focus [9].

The ABC's of real estate investing (2023): Ken MC Elroy, the secretes of finding hidden profits most Investors. This Book is ideal for investors who are curious about commercial and Multi - family properties. Ken MC Elroy, author and host of real estate strategies with Ken Elroy, Walks you through the Basic of commercial investing, including how to find your, market Evaluate Opportunities negotiate deals, and make offers. It's chock -full of practical Strategies and advice that any investor can benefit. A vast body of literature exists on investor's preference towards real estate stocks, but there is limited research conducted investor's preferences towards real estate stocks with preference to BSE. The literature can be divided into three categories: theoretical; empirical, and review studies.

Theoretical studies provides insights into the underlying concepts and theories related to investor's preference are influenced by a diverse set of factors , including intrinsic characteristics of a stock ,market conditions ,and investor behavior. Empirical studies use statistical analysis to examine investor's preference towards real estate stocks and identify these preferences. Such studies have shown that investor's consider fundamental factors like earnings, dividend Yield, and price to earnings ratio when investing in real estate stocks. Additionally, investors risk appetite, investment horizon, and market volatility also affect their preferences. Review studies analyze and summarize the existing literature on investor's preference towards real estate stocks. These studies have highlighted the need for more research on the subject and identified gaps in the existing literature. In conclusion, the literature suggests that investor's preference towards real estate stocks with preference to BSE. Therefore; this study would contribute to filling this gap and provide valuable insights into investor's behavior towards real estate stocks on BSE [10].

Conclusion

In conclusion, the study on the Indian real estate market and investment has provided a comprehensive analysis of the multifaceted landscape that defines the sector. Through an exploration of economic indicators, regulatory frameworks, and market trends, the research has shed light on the complexities and opportunities inherent in real estate investment in India. The findings underscore the dynamic nature of the Indian real estate market, influenced by factors such as population growth, urbanization, and government policies. The study has highlighted the importance of a nuanced understanding of regional variations and property types, emphasizing the need for investors to tailor their strategies to specific market conditions. The significance of regulatory reforms in shaping the investment environment cannot be overstated. As the government continues to introduce initiatives aimed at streamlining processes and enhancing transparency, investors are presented with a more conducive and investor-friendly landscape.

However, challenges such as bureaucratic hurdles and regulatory uncertainties persist, requiring vigilant risk management strategies. Furthermore, the study emphasizes the role of technology and data analytics in making informed investment decisions. As the industry adopts digital tools for market analysis, property valuation, and risk assessment, investors stand to benefit from increased efficiency and accuracy in their decision-making processes. While the Indian real estate market offers promising investment opportunities, the study recommends a cautious and strategic approach. Diversification, due diligence, and a long-term perspective are key considerations for investors looking to navigate the market successfully. In conclusion, this study serves as a valuable resource for investors, policymakers, and industry stakeholders seeking to navigate the intricacies of the Indian real estate market. The insights gained from this research contribute to a more informed and nuanced understanding of the challenges and opportunities that define the landscape, ultimately facilitating more prudent and successful real estate investments in the Indian context.

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