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MARKET INSIGHT

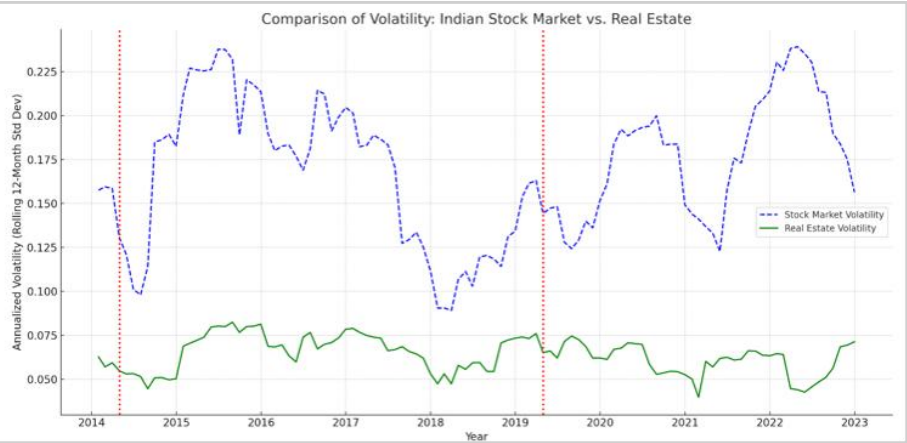
India's Investment Dance: Stocks, Stability, and Real Estate Growth

Shaurya Dhand, Manager - Capital Markets , Integrow

India's equity market is a powerhouse, attracting a vast array of domestic and international investors. With its potential for rapid gains and substantial returns, the stock market often stands as the go-to investment avenue. However, this allure comes with significant volatility, with prices subject to rapid fluctuations due to economic shifts and political developments. For instance, the 2024 elections showcased the market's sensitivity, with the NIFTY 50 index experiencing swings of over 3% in a single day While the stock market has great potential for substantial returns, it's wise for investors to not only focus on equities but also diversify into assets which offer a more certain and stable ROI. Real estate, with its relative stability and consistent growth, offers a compelling alternative.

Volatility Comparison

The Indian stock market's volatility can be stark. In 2023, the Sensex saw a 5% drop in just one week due to global economic uncertainties. These rapid changes contrast sharply with the real estate market's steady performance. Over the past decade, property prices in major cities have shown an average annual increase of 7-10%, according to the National Housing Bank. This stability makes real estate an attractive investment for those seeking reliable and steady income, less susceptible to short-term market fluctuations.



The above graph illustrates the comparison of annualized volatility between the Indian stock market and the real estate market from 2014 to 2023.

The blue dashed line represents the volatility of the stock market, while the green solid line represents the volatility of the real estate market.

From the graph, it is evident that:

Stock Market Volatility: The stock market exhibits significant volatility, with noticeable spikes around major economic and political events. The periods marked by the red dotted lines correspond to the general election years in India (2014, 2019, and 2024), where volatility spikes are particularly pronounced. For example, during the 2024 elections, the stock market experienced dramatic swings, highlighting its sensitivity to political developments.

Real Estate Volatility: In contrast, the real estate market shows much lower volatility throughout the same period. The green line remains relatively stable, indicating consistent and predictable performance.

Recent trends indicate a notable shift from the stock market to real estate, especially during market downturns. For example, in 2023, when the Sensex fell by 7% over two months due to global recession fears, real estate transactions in major cities like Mumbai and Bangalore saw a notable uptick of 15%. This migration underscores the stability and lower volatility of real estate, attracting investors seeking to preserve their wealth and generate steady returns.

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In conclusion, India's stock market offers opportunities for rapid gains but comes with higher risks and volatility. Real estate, in contrast, provides a more stable investment avenue with prospects for long-term growth. The anticipated expansion in the real estate market further underscores its potential as a robust investment vehicle in India's dynamic economic landscape.

By understanding these dynamics, investors can make informed decisions, balancing the high-risk, high-reward nature of the stock market with the steady, long-term benefits of real estate investment. The ongoing growth and transformation of the Indian real estate sector present an opportune moment for investment, promising both security and profitability for the discerning investor.

PEOPLE OF REAL ESTATE

Suyog Seth's Multidimensional Approach to Real Estate – RERA, Customer Needs, and Beyond

Suyog Seth, a distinguished figure in the Indian real estate sector, has emerged as a thought leader with a unique perspective on the industry's intricacies. With a strong foundation in environmental engineering and a wealth of experience in the Brihanmumbai Municipal Corporation (BMC), Seth has not only navigated the complexities of urban development but has also championed sustainable and customer-centric real estate practices. His insights into RERA, customer needs, and the broader implications for redevelopment offer a comprehensive vision for the future of Mumbai's real estate landscape.

RERA: A Catalyst for Growth

Seth's stance on RERA is a testament to his forward-thinking approach. He views the regulation not as a constraint but as a powerful enabler that can elevate the entire real estate ecosystem. "RERA is a great enabler, I would say, across the value chain, from builder to buyer, everybody," Seth asserted. This perspective is echoed by industry analysts who have observed that RERA has indeed fostered a culture of accountability and transparency, essential for the long-term health of the real estate market.

Creating Customer Needs

Seth's innovative approach to customer needs reflects his belief in the transformative power of real estate. He likens the role of developers to that of Steve Jobs, who revolutionized the tech industry by creating needs that customers didn't know they had. This philosophy is increasingly recognized as a key driver of success in the real estate sector, where anticipating and shaping customer desires can lead to groundbreaking developments that redefine urban living.

Redevelopment and Technology

Seth's vision for real estate extends beyond regulations and customer needs to encompass the transformative role of technology in redevelopment.



He believes that India's real estate market must embrace technological advancements to streamline processes and enhance efficiency. Seth's advocacy for the use of blockchain and machine learning in building approvals and property transactions is a clear indication of his commitment to innovation.

Suyog Seth's multidimensional approach to real estate, encompassing RERA, customer needs, and the broader implications for redevelopment, offers a roadmap for a more sustainable and customer-centric real estate industry. His insights into the enabling role of RERA, the importance of creating customer needs, and the necessity of embracing technology in redevelopment are both visionary and pragmatic. As the city continues to evolve, Seth's perspective serves as a beacon for developers, policymakers, and investors alike, guiding them towards a more resilient and prosperous real estate sector.

Integrow Chronicles



Strategic Expansion:

Secured term sheets for two deals totalling Rs. 130 crore, signifying a significant boost to our company's growth trajectory.



Enhanced Collaboration and Market Reach :

Successfully hosted a networking event with over 50 channel partners, fostering stronger collaborative efforts and expanding our market reach.



Committed to Continuous Innovation:

Initiated internal beta testing for two new products, demonstrating our unwavering commitment to continuous innovation and product improvement.



INNOVATION UNVEILED

Impacts of Blockchain Technology on Real Estate

Harshal Mali, Lead – Technology, Integrow

In this digital era, blockchain technology is increasingly becoming a key force in transforming various industries, including real estate. Here’s how blockchain is making a significant impact on the real estate industry.

What is Blockchain?

Blockchain technology is a decentralized digital ledger that securely records transactions across multiple computers, ensuring data is transparent and tamper-proof. In real estate, it’s been altered to provide verified property details, enabling secure and fast transactions, and facilitating fractional ownership through tokenization. This leads to greater transparency, reduced fraud, and easier access to investment opportunities.

Strengthening Security and Transparency

One of the core advantages of blockchain technology is its ability to provide a highly secure and transparent record-keeping system. Blockchain’s decentralized nature ensures that all transactions are chronologically recorded in a manner that cannot be altered retroactively. This guarantees a high level of security against fraud and manipulation, thus offering a reliable environment for real estate transactions to take place. So for investors, this would mean greater confidence in the legitimacy of property deals.

Introducing Asset tokenization

Asset tokenization refers to the process of converting real estate assets into digital tokens that can be traded on blockchain platforms. These tokens represent ownership stakes in the property, making it easier for investors to trade shares in real estate assets, similar to how stocks are traded on exchanges. tokenisation enhances the liquidity of real estate assets, enabling quick and easy transfers of property ownership and providing investors with more flexibility and opportunities.

Streamlining Property Management Processes

From property listings to deed management, blockchain technology simplifies and improves various aspects of property management.



By integrating smart contracts, routine tasks such as rent collection,lease renewals, and maintenance requests can be automated, reducing the need for manual oversight and minimizing errors. This results in more efficient property management and a better experience for both property owners and tenants.

Global Accessibility

Moreover, blockchain technology breaks down geographical barriers, allowing people from all over the world to invest in real estate. This increases the pool of potential investors and opens up new opportunities in the global market.

Applications

Blockchain has many practical applications in real estate. It can be used to securely store and verify property details, ensuring accurate and reliable information. It also facilitates transparent due diligence by providing access to property ownership and valuation data.

Additionally, blockchain makes transactions faster and more secure, streamlines property management, and enables fractional ownership through asset tokenization.

Implementation

To implement blockchain in real estate, it is important to start by identifying suitable use cases. Next, choose a blockchain platform that meets your needs in terms of scalability, security, and compliance. Begin by tokenizing assets to create new investment opportunities and ensure that your solutions comply with legal and regulatory requirements. Integrate blockchain technology with your existing systems for a smooth transition, and educate stakeholders on its benefits to encourage adoption.

While blockchain offers many benefits, there are challenges to its adoption; thus, increasing awareness, ensuring scalability, integrating different systems, and navigating regulatory landscapes should be taken into consideration to overcome these challenges, which in India need to be addressed for successful implementation in the real estate sector.

FINANCIAL FRONTIERS

Pune's Real Estate Market: Investment Trends And Insights

Varun Poddar – Marketing Analyst,Integrow

Pune, often dubbed the "Oxford of the East," is not only known for its educational institutions but also as a thriving hub for real estate investments. The city’s real estate market is witnessing dynamic changes, making it an attractive destination for investors. Here, we explore the key trends shaping Pune’s real estate sector and provide insights for potential investors.

Pune on the Rise

The real estate market in Pune is poised for significant growth in 2024. The city’s strategic location, coupled with a robust job market in the IT and manufacturing sectors, continues to drive demand for both residential and commercial properties. In 2023, the average property prices in Pune saw an impressive 8% year-on-year increase, with specific micro-markets like Kharadi and Hinjewadi witnessing even higher appreciation rates of 12% and 14%, respectively.

Emerging Commercial Hubs

Pune’s commercial real estate sector is also booming. Areas such as Viman Nagar, Magarpatta, and Baner are becoming prime locations for IT parks and corporate offices. The vacancy rates in these areas have dropped significantly, with Baner’s vacancy rate falling to just 5% in 2023, indicating strong demand. Additionally, the upcoming metro project is expected to enhance connectivity, further boosting the appeal of these commercial hubs.

Residential Sector Trends

While Pune’s residential market remains strong, there’s a noticeable shift towards affordable and mid-segment housing. Government initiatives like the Pradhan Mantri Awas Yojana (PMAY) and favorable home loan interest rates have made homeownership more accessible.

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Residential Sector Trends

In 2023, the sale of affordable housing units (priced below INR 50 lakh) increased by 15%, reflecting the growing demand in this segment. On the other hand, luxury housing (priced above INR 1 crore) saw a modest 4% rise in sales, indicating steady interest among affluent buyers.

The Rise of Integrated Townships

Integrated townships are gaining popularity in Pune, offering a blend of residential, commercial, and recreational facilities within a single development. Projects like Amanora Park Town and Magarpatta City are prime examples, attracting both end-users and investors. These townships offer a self-sustained living environment, which is increasingly appealing in a post-pandemic world. In 2023, integrated townships accounted for 25% of the total residential sales in Pune, highlighting their growing significance.

Rental Yields

Pune offers attractive rental yields, particularly in areas close to IT hubs and educational institutions. Localities such as Hinjewadi, Kalyani Nagar, and Koregaon Park

are popular among renters due to their proximity to workplaces and amenities. In 2023, Hinjewadi reported an average rental yield of 4.5%, one of the highest in the city. This makes Pune a lucrative market for buy-to-let investors looking to capitalize on the steady rental demand.

Infrastructure Developments

Pune's real estate growth is closely tied to its infrastructure developments. The Pune Metro project, slated for completion in phases by 2024, is expected to transform the city's connectivity. The Ring Road project and the proposed Pune International Airport are also set to enhance accessibility and drive real estate growth. These infrastructure projects are anticipated to spur property appreciation in surrounding areas, making them attractive for long-term investments.

While the data presents a promising picture, Pune's real estate market does face challenges.

Rising construction costs and regulatory changes can impact project timelines and profitability. However, developers are adapting by adopting innovative construction technologies and exploring new funding avenues. Prefabricated construction and green building practices are gaining traction, helping developers manage costs and meet sustainability goals.

Pune's real estate market offers a diverse range of opportunities for investors. Whether you're looking to invest in residential, commercial, or mixed-use developments, understanding local trends and leveraging expert advice is crucial. With its robust job market, strategic infrastructure projects, and growing demand for affordable housing, Pune stands out as a compelling investment destination.

By staying informed about market dynamics and making strategic decisions, investors can navigate Pune's real estate landscape effectively and achieve their investment goals.

Sources: Knight Frank India ,JLL India ,Colliers International ,CBRE India ,Maharashtra Housing and Area Development Authority (MHADA) , Pradhan Mantri Awas Yojana (PMAY) ,ANAROCK Property Consultants.

Preview for the Next Issue – July 2024

Integrow Insider: Dive Deeper with the Next Issue!

- Industry Insights:** Sharpen your real estate acumen with in-depth explorations of current trends, market analysis,and emerging opportunities. Navigate the market with confidence through expert-driven insights.
- People of Real Estate:** Discover the individuals shaping the industry! We'll showcase inspiring stories of real estate leaders, their journeys, and the strategies that propelled them to success.
- Real Asset? Real Easy:** Demystifying the complexities of real estate. This section tackles common challenges and simplifies processes, empowering



- you to make informed decisions regarding your real estate endeavors.
- Regulations and Policies:** Stay ahead of the curve with clear explanations of current and upcoming regulations impacting real estate. This section ensures you navigate the legal landscape with confidence.
- Expert Commentary:** Gain valuable perspectives from industry veterans and thought leaders. Our expert commentary offers insightful opinions and predictions on the future of real estate.