

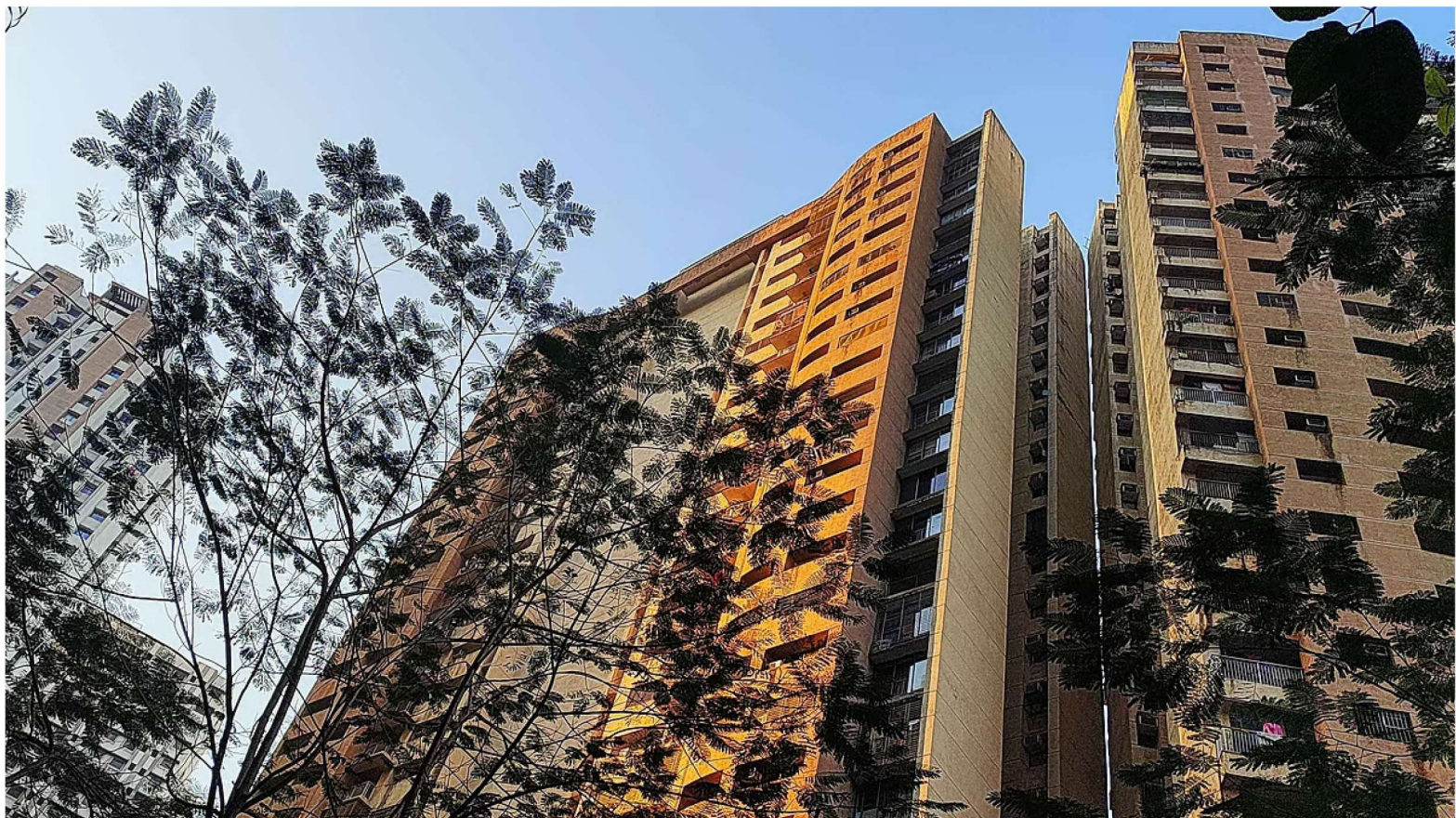
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Real Estate: Home In On Your Ownership Residence

It is advisable to make decisions only after considering all the relevant factors with a long-term approach while keeping the Union Budget 2025-26 announcements in mind

Dr. Malini Saba | **Updated:** Thursday, February 27, 2025, 06:47 PM IST



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Shelter is acknowledged as one of the key necessities of life and rightly so. The question that often arises for home seekers, is to what extent should macro-level announcements such as the Union Budget 2025-26 influence their purchase decision? The answer is quite simple. Consider the transaction the way an entrepreneur would any business decision, while keeping the Union Budget as a guiding star that lights the way forward.

Clarity

Be extremely clear why you are making the real estate purchase. The criteria for investments are vastly different from those for self-use. If you are making an investment, again you should have a clear focus between prioritising capital appreciation and monthly rentals. If you are planning to reside there yourself then the factors influencing your decision will differ from those if you plan to lease it out for a long-term and only move in after retirement. Don't bite off more than you can chew. Buying too large an apartment and finding the home loan equated monthly instalments (EMIs) unmanageable after a few years is equally avoidable. Similarly, don't think too small and later on regret not having booked a bigger unit in the first place. Even nuclear families need more space as kids grow up. Joint families may prefer adjacent flats with scope for separate kitchens and privacy at a later stage.

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The Union Budget for 2025-26 introduced a visionary approach for the real estate sector, with the government's focus on developing a national framework to promote Global Capability Centers (GCCs) in Tier-2 cities. This will unlock tremendous opportunities, driving growth by leveraging local talent and upgrading infrastructure, fostering stronger regional economies. This indicates a good opportunity for individual investors who want to gradually scale up their asset portfolio.

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The tax relief for the middle class is a positive and impactful measure. The removal of income tax up to Rs. 12 lakhs and the tax benefits for those earning Rs. 18 lakhs will have a direct and positive effect on consumer spending, boosting demand for real estate and driving sectoral growth. The reduced tax burden will empower the middle class, strengthening their purchasing power and especially stimulating demand for residential properties. The reforms, investments in infrastructure, and tax benefits reflect the government's commitment to fostering sustainable growth, and building a brighter future for all.

The writer is a self-made businesswoman, philanthropist, psychologist, fitness enthusiast, author, environmentalist, passionate culinarian, and a global advocate for women, girls, and human rights, with a keen interest in real estate, business innovation, and women's empowerment.

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Sectoral overview

Manju Yagnik, Senior Vice President of NAREDCO- Maharashtra, underlined that the Union Budget 2025-26 reaffirms the government's commitment to inclusive development, economic growth, and a strategic focus on increasing consumption. For FY26, FM Sitharaman has allocated Rs. 11.21 lakh crore, reaffirming the government's focus on infrastructure development and economic growth. The allocation of Rs. 1.5 lakh crore in interest-free loans for capital expenditure and the push for PPP-driven infrastructure projects will enhance urban connectivity and boost development. The launch of SWAMIH Fund 2 with Rs. 15,000 crore is a welcome move to revive stalled housing projects, ensuring timely completion and restoring homebuyer confidence. The continued emphasis on affordable and mid-income housing will further drive demand, supporting homeownership aspirations. Additionally, personal income tax reforms and a higher TDS threshold for senior citizens will improve disposable income, positively influencing housing affordability.

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With a fiscal deficit target of 4.8% for FY25, the budget balances growth and financial prudence. These measures collectively strengthen the foundation for a dynamic and resilient real estate market.

Anupama Reddy, Vice President & Co-Group Head - Corporate Ratings, ICRA Limited, explained that a major announcement in the Union Budget for FY2026 is the reduction in income tax which will enhance the disposable income in the hands of consumers and is a positive for affordable and mid-income housing segments. The continued focus of the government on the affordable housing segment, as reflected in the higher allocation of 54% towards the PMAY-Urban programme in FY2026 BE as compared to FY2025 RE, should aid the affordable urban housing segment. Further, the introduction of a second tranche of SWAMIH Fund of Rs. 150 billion is likely to provide much-needed liquidity support to the stressed residential projects and support in the completion of an additional 40,000 housing units.