



INTERNATIONAL LAW  
JOURNAL

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**WHITE BLACK  
LEGAL LAW  
JOURNAL**  
**ISSN: 2581-  
8503**

*Peer - Reviewed & Refereed Journal*

The Law Journal strives to provide a platform for discussion of International as well as National Developments in the Field of Law.

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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# **A CRITICAL STUDY OF DROP IN HOME SALES AMID LOW SUPPLY DURING COVID-19 AND ROLE OF RERA**

AUTHORED BY - JAYESH GOYAL

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BBALLB(H)

AMITY LAW SCHOOL, NOIDA

## **ACKNOWLEDGMENT**

I want to extend our heartfelt thanks and utmost respect to Dr. Apoorva Roy, our mentor, for her outstanding guidance, supervision, and unwavering support during the creation of this term paper. Her priceless advice and contributions along the way have greatly facilitated the completion of this project.

Finally, I extend my gratitude to the divine, my parents, and my friends for their consistent support and encouragement, without which this research endeavor would not have been achievable.

JAYESH GOYAL A3221519292 Date: 24/04/24

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### **CERTIFICATE OF THE FACULTY SUPERVISOR**

This is to confirm that Ms. Jayesh Goyal is currently enrolled in the BBA. LLB (H) program at Amity Law School, Amity University Uttar Pradesh, and has successfully completed an internship under my guidance. Throughout her internship, she gained experience in various aspects of court procedures. The submitted comprehensive report is deemed original and suitable for submission.

Date: 24/04/24  
Dr. Apoorva Roy

Name of the Faculty

Designation – Asst Professor  
(Grade -1)

### **DECLARATION**

I, Jayesh Goyal, currently pursuing BBA LLB(Hons) at Amity Law School, Amity University Uttar Pradesh, solemnly affirm that the Comprehensive Report I am submitting for my Moot Court Internship (LWMI100) is entirely original. To the best of my knowledge, it has not been previously submitted, in whole or in part, for any purpose, academic or otherwise, elsewhere.

Date: 24/04/24

Name of the Student – Jayesh  
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## **ABSTRACT**

The global COVID-19 pandemic, which originated in China, has spread to affect millions of people worldwide. This has caused significant disruptions to various industries, trade, and business cycles, leading to a substantial slowdown in global economic activity. In India, the real estate sector, already grappling with previous challenges such as structural changes, policy reforms, and liquidity issues, is now facing yet another setback.

Typically, this time of year sees increased residential real estate activity due to festivals like Ugadi, Gudi Padwa, Akshaya Tritiya, and Navaratri, leading to a surge in new launches and housing sales. However, the year 2020 is proving to be different. The nationwide lockdown until mid-April has brought all activities to a standstill. Project sites are closed, site visits are suspended, and construction work has ceased, ultimately impacting housing sales. Additionally, developers have postponed the launch of new projects indefinitely.

Not only the residential segment but also the commercial real estate sector is feeling the effects of the COVID-19 crisis. Corporate tenants are delaying leasing decisions, and many multinational corporations and businesses are exploring remote work options. If remote work proves successful, it could have long-term implications for leasing activities.



## **CHAPTER -1**

### **INTRODUCTION**

In recent times, our real estate industry has faced multiple obstacles. One of the industries with the biggest prominence on a global scale is real estate. For the growth of such important real estate industry, the Real Estate Regulation Act (RERA) act was passed in 2016 and came into effect in 2017.

Given how the real estate market is expanding and how many investors there are, it is crucial to introduce an act. The act will help in bringing transparency in the real estate sector of India as earlier there was a lot of corruption in transactions leading to loopholes and issues. Despite the fact that such RERA act is for the public's benefit, those engaged in the real estate industry are having a plethora of issues. The RERA act has primarily focused on the public, and it is impacting the real estate sectors' economy while somehow causing them a great deal of difficulty in their company. RERA Act has brought significant changes in Indian economy and business especially during COVID-19. Although it has come into picture in year 2016 but its contribution has been substantial.

The housing and infrastructural needs are met in large part by the real estate industry. Consumers are experiencing problems while the market is growing due to of delay in completion or handover, refusal to accept terms, or delays in registration and a lack of industry transparency these were the biggest worries that consumers experienced, therefore the RERA was established to address them. The Ministry enacted this law to promote and control the activities of building that are either residential or commercial and are carved out across the nation in response to the widespread misuse and malpractices involved in the real estate sector. The Real Estate Bill was approved by the President on March 25, 2016, after being passed by the Rajya Sabha and Lok Sabha on March 10 and 15, respectively. On March 26, 2016, the same was released in the official gazette.

Residential, commercial, and retail sectors are the primary drivers of growth in the real estate industry. In 2017, real estate contributed approximately 6% to India's GDP. Before the COVID-19 pandemic, it was projected that the sector's contribution would increase to 13% of India's GDP by 2025.

Second only to agriculture, real estate is the largest employment generator in India. It offers significant opportunities for both skilled and unskilled workers. The sector plays a crucial role in providing employment to migrant populations who flock to metropolitan areas in search of work. According to industry estimates, 90% of the workforce in real estate and construction is engaged in building construction, while the remaining 10% is involved in activities such as building completion, finishing, electrical work, plumbing, and site preparation. More than 80% of the employment in this sector consists of minimally skilled workers, while skilled workers make up over 9% of the workforce, with the remaining distributed among clerical, technical, and engineering roles. The Economic Survey 2017-18 predicts that employment in the sector will grow at a compounded rate of 5%.

## **1.2 WHAT IS RERA?**

RERA, an acronym for Real Estate Regulatory Authority, was established under the Real Estate (Regulation and Development) Act of 2016 with the objective of introducing transparency to the real estate sector and resolving prevailing inconsistencies and challenges within it. Enacted by the Indian Parliament in 2016, this legislation took effect in May 2017 with the aim of enhancing transparency in the home buying process and addressing the apprehensions of various stakeholders in the real estate industry, including home buyers, builders, brokers, and other participants. Since its establishment, RERA has initiated numerous reforms, with additional measures in the pipeline.

That's why, whether you're purchasing a home or involved in construction, being familiar with RERA regulations and directives can simplify your journey through the real estate terrain. RERA, or the Real Estate (Regulation and Development) Act of 2016, serves as a thorough legal framework in India designed to oversee the real estate domain, safeguard the rights of homebuyers, and foster transparency and responsibility within the sector. Along with the Act, there are specific rules and regulations framed by each state to implement and enforce RERA effectively.

### **TERMS AND PHRASES**

**ADVERTISEMENT:** According to Sec.3 of the RERA, advertisement encompasses any document presented or disseminated through any medium, including notices, circulars, or other materials, aimed at informing individuals about a real estate project or offering plots, buildings, or apartments for sale, or soliciting advances or deposits for such purposes.

**ALLOTTEE:** An allottee is an individual who purchases or is assigned a building, apartment, or plot. This term also includes individuals who receive property through transfer.

**CARPET AREA:** The carpet area represents the usable floor space inside an apartment, excluding areas taken up by external walls, service shafts, balconies, etc. It includes all internal partition walls within the apartment.

**TOTAL AREA = CARPET AREA**

**BUILT-UP AREA:** The built-up area consists of both external and internal walls, the carpet area, as well as utility ducts and internal components.

**CARPET AREA + WALL AREA + UTILITY AREA & INTERNAL COMPONENTS = BUILT-UP AREA**

**SUPER BUILT-UP AREA:** The super built-up area includes the built-up area of the property along



with shared spaces such as the clubhouse and swimming pool (allocated proportionately to individual residences).

**BUILT-UP AREA + PROPORTIONATE COMMON AREA = SUPER BUILT-UP AREA**

### **WHY RERA?**

The introduction of RERA aimed to establish consistency and clarity within the real estate sector. Prior to RERA, consumers and suppliers often encountered numerous challenges and disputes. Despite facing various issues, consumers lacked recourse due to the absence of adequate rules and regulations. Consumers bore the brunt of these issues, with delays being a major concern. The enforcement of RERA was necessitated by the multitude of challenges experienced by consumers and the need for effective resolution.

- **Security:** The RERA act states that at least 70% of the buyer's and investor's money will be deposited in a special account. The remaining 30% will then be allocated to the builders for construction and land-related expenses only. Developers and builders are not allowed to claim more than 10% as an advance payment on the property before the sale contract is signed.
- **Transparency:** Builders must furnish the original blueprints for all their projects and are prohibited from making any alterations to these plans without the consent of the buyer.
- **Equity:** RERA requires developers to sell properties based on carpet area rather than high-density area. In case of project delays, buyers retain the right to either reclaim their entire investment or choose an investment plan that offers monthly returns.
- **Quality:** Builders are obligated to address any issues reported by buyers within 5 years of purchase, ensuring resolution within 30 days of the complaint being filed.
- **Authorisation:** Regulators are not allowed to market, sell, construct, invest in, or book plots of land without registering with RERA. All advertisement for investments once registered with RERA should be accompanied by a unique Project wise registration number.

### **1.3 FEATURES OF RERA**

RERA was instituted to bolster accountability and transparency in housing transactions and the real estate sector. Here are the key provisions of this legislation:

- Establishment of a Real Estate Regulatory Authority in each Indian state to oversee, adjudicate, and arbitrate disputes related to real estate projects within the state.
- Introduction of a swift dispute resolution mechanism through an appellate tribunal and designated adjudicating officers.
- Mandatory registration of all real estate projects with RERA to ensure authority oversight, with the possibility of project rejection if guidelines are not followed.
- Requirement of written consent from two-thirds of allottees, along with RERA approval, for a promoter to transfer majority rights and liabilities to a third party.
- Imposition of equal interest rates on both buyers and promoters in case of defaults.
- Mandate for promoters to compensate buyers for losses incurred due to third-party claims on the property, without any limitation on compensation amount.
- Provision for filing complaints with RERA against violations by promoters, buyers, or agents.
- Empowerment of RERA to halt activities subject to complaint during investigations.
- Option for aggrieved parties to appeal RERA decisions before the Appellate Tribunal.
- Imposition of penalties on promoters failing to comply with RERA orders, up to 5% of the property's assessed cost.
- Enforcement of penalties for non-compliance with Appellate Tribunal orders, including imprisonment for up to 3 years, fines up to 10% of project cost, or both.
- Holding both the company and responsible individuals accountable for offenses committed under the Act.
- Exclusion of civil court jurisdiction over matters falling under RERA or the Appellate Tribunal's purview, preventing courts from issuing injunctions against RERA or Tribunal actions.

## **REGISTRATION UNDER RERA**

Registration stands as a pivotal element within the framework of RERA. According to RERA regulations, builders are prohibited from selling flats, plots, or buildings without completing the registration process. Failure to register can hinder the sale of the property. Section 3 of RERA outlines exemptions from registration requirements, which include scenarios where the land area does not surpass 500 square meters or where the number of apartments does not exceed eight. Additionally, projects that have already received a completion certificate before the enactment of RERA, or those limited to activities such as renovation, repair, or redevelopment without involving marketing or new allotments, are exempt from registration obligations.

**When a promoter seeks registration, certain documents are mandated these include:**

- PAN card of the builder or promoter.
- Financial records such as the balance sheet and Income Tax Returns (ITR) for at least three years.
- Comprehensive details about the building, encompassing aspects like carpet area and built-up area.
- Documentation and legal proof of title held by the business entity.
- Details regarding the land, including rights and ownership.
- In cases where the land is not owned by the builder, consent from the rightful owner is requisite.
- Thorough particulars of the project, including its location, area, and other relevant specifics.
- Comprehensive information about all individuals involved in the project.

These documents are imperative for the registration process. Failure to provide any of these documents, or if they are found to be forged, may result in the authorities withholding permission or potentially facing other repercussions.

**To apply for registration, certain documents are required as per Section 4:**

A verified duplicate of approvals and commencement certificate acquired from the appropriate governing body.

Approved blueprints, layout design, and specifications of the intended real estate project endorsed by the relevant authority.

A statement by the Promoter, backed by a sworn affidavit, affirming:

- Legal title ownership over the land earmarked for development.
- Details of any encumbrances on the land.
- The proposed timeframe for completing the real estate project.
- Commitment to deposit 70% of the funds collected from the project's allottees into a designated bank account.

## **REVOCATION OF REGISTRATION**

Section 7 of the RERA act delineates the circumstances under which registration can be revoked.

These include:

1. Default by the promoter in fulfilling obligations stipulated by the Act, rules, or regulations.
2. Violation of terms or conditions of approval granted by the competent authority.
3. Engagement in unfair practices or irregularities, which encompass:
  - Making false representations regarding service standards or approvals.
  - Permitting publication of advertisements for services not intended to be offered.
  - Indulging in fraudulent practices.

The registration can only be revoked after the Authority provides the promoter with at least thirty days' written notice, stating the grounds for revocation and considering any objections raised by the promoter within that period.

Instead of revoking the registration outright, the Authority may impose additional terms and conditions, if deemed necessary in the interest of the allottees. Upon revocation, the Authority takes several actions, including debarring the promoter from accessing its website, facilitating remaining development works, and issuing necessary directions to protect the interests of allottees or the public.

Revocation occurs in rare cases and is typically associated with acts that contravene the law or the provisions of the RERA act.

**Buyers are entitled to specific rights under RERA, which include:**



- **Access to Information:** Purchasers retain the entitlement to obtain any project-related information and cannot be refused responses to their inquiries. Builders are required to furnish pertinent information upon request.
- **Inspection:** Buyers have the right to inspect the construction progress by visiting the site and monitoring each stage's completion.
- **Possession:** Upon making the payment, buyers gain full possession of the real estate property and have the authority to make decisions concerning it.
- **Refund:** If the project completion is delayed, buyers have the right to claim a refund of their investment.
- **Document Possession:** Upon project handover, buyers have the right to hold all pertinent project documents.

**Buyers also have certain duties, including:**

- **Timely Payments:** Buyers must ensure all payments are made on schedule to facilitate project completion.
- **Participation:** Buyers are expected to actively engage in society meetings and activities.
- **Registration:** The buyer bears the responsibility to engage in the registration process for conveyance deeds.

**On the other hand, sellers have responsibilities, such as:**

- **Fulfilling Basic Responsibilities:** Builders are obligated to fulfill all fundamental responsibilities associated with the real estate project.
- **Website Information:** Builders must ensure that all project-related details, including approval letters and documents, are provided on the project website.
- **Completion Certificate:** Builders must obtain and submit the completion certificate upon finishing the project. Only after obtaining this certificate can the builders hand over the completed building to buyers.

**BENEFITS OF RERA**

**Ensuring Transparency in Dealings:** The RERA Act mandates builders to uphold complete

transparency in the information conveyed to home buyers. Builders are required to disclose every major and minor detail of the project they are developing. This includes providing a detailed pamphlet and regularly updating project details on their real estate websites. Buyers must be informed about the layout plan, execution strategy, and the stage-wise progress of the project.

**Elimination of Excessive Charges:** A significant advantage of RERA is the prohibition of builders from charging homebuyers for both the built-up and super built-up areas. Buyers are now only liable to pay for the carpet area of the purchased home, i.e., the space within the walls. Builders are not allowed to levy charges for the super built-up area, encompassing external walls, common spaces like elevators, stairs, lobby, and balconies. Furthermore, developers must seek consent from buyers for any modifications in project design or structures.

**Prevention of Project Delays:** Previously, homebuyers often faced the frustration of delayed possession, a scenario no longer tolerated under RERA. Builders are obligated to complete projects within the agreed timeframe, failing which they incur a penalty of 2% above the lending rate offered by the State Bank of India. Additionally, builders may face up to three years of imprisonment for project delays.

**Ensuring Building Quality:** To safeguard buyers from poorly constructed properties, RERA emphasizes the quality of construction. Builders are required to deliver buildings free from structural defects for a minimum of five years after buyers take possession. Should any defects arise, it is the builder's responsibility to rectify them promptly and at no additional cost to the buyer, within 30 days of notification.

**Protection of Buyer Funds:** RERA requires developers to allocate 70% of the funds received from buyers into a distinct escrow account. Withdrawal of funds is permissible only according to the approved construction stages, as verified by the builder's chartered accountants and engineers. Furthermore, builders are prohibited from requesting more than 10% of the property's cost as an advance prior to drafting a sale agreement.

**Impact of RERA:** Since the implementation of RERA, instances of malpractice by builders have significantly decreased. The Act has provided substantial relief to buyers, ensuring they receive what they rightfully pay for. RERA's core objective of safeguarding buyer interests has been effectively realized through various measures and regulations.

## **DISSADVANTAGES OF RERA**

**Restricted Scope:** RERA exclusively pertains to new projects and does not extend to properties already completed or under construction. Consequently, homebuyers who invested prior to RERA's implementation do not benefit from its provisions.

**Inadequate Enforcement:** The enforcement of RERA has been sluggish and insufficient in numerous instances. This lax enforcement has allowed developers to disregard RERA regulations with impunity, resulting in losses for homebuyers.

**Project Delays:** Despite RERA's requirement for timely project completion, many projects have exceeded the stipulated timelines. While RERA offers compensation to affected homebuyers, the amounts provided often fall short. Additionally, the compensation claiming process can be protracted and complex.

**Limited Authority Powers:** RERA authorities in each state possess restricted powers to penalize developers flouting its provisions. This limitation enables developers to persist in violating regulations and evading penalties.

**Escalating Costs:** RERA has escalated compliance costs for developers, consequently inflating property costs for homebuyers. This inflation has rendered homes less affordable, particularly for individuals from lower-income brackets.

**Heightened Compliance Expenses:** A significant drawback of RERA is the amplified compliance expenses for developers, resulting in increased project costs. Developers must register projects with authorities, maintain separate escrow accounts, and furnish regular project updates.

**Delayed Project Approvals:** The approval process for new projects under RERA can be protracted, impeding project launches. Developers must secure various clearances from diverse authorities before registering projects with RERA.

**Constrained Coverage:** RERA exclusively governs the residential real estate sector, excluding commercial real estate projects from its regulations.

**Lack of Consistency:** As a state-level regulation, RERA entails distinct rules and regulations in each state, engendering confusion for developers operating across multiple states.

Limited Buyer Safeguards: While RERA safeguards buyers against fraudulent practices, its coverage is restricted. Only projects registered with the authority fall under RERA's purview, leaving buyers of unregistered projects unprotected.

Sluggish Dispute Resolution: Although RERA establishes a Real Estate Regulatory Authority and an Appellate Tribunal for dispute resolution, the process can be sluggish, frustrating buyers seeking expeditious resolutions.

### **REAL ESTATE SECTOR BEFORE RERA ACT**

Before the implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA), home buyers in India encountered several significant challenges, including:

1. **Project Completion Delays:** Home buyers frequently experienced delays in project completion, resulting in inconvenience and financial strain.
2. **Unequal Terms in Agreements:** Developers often imposed unequal terms in agreements, leaving home buyers to bear the burden of cost escalations without holding developers accountable for delays.
3. **Lack of Transparency:** The absence of a proper regulatory framework led to a lack of transparency in the real estate sector, making it challenging for home buyers to make well-informed decisions.
4. **Misleading Claims by Developers:** Developers frequently made misleading claims regarding project features, layout, and amenities, leading to disillusionment and distrust among home buyers.
5. **Absence of Standardization in Business Practices:** The real estate sector operated without standardized business practices and transactions, resulting in issues such as disparities in pricing and construction quality.
6. **Ineffective Dispute Resolution Mechanisms:** Home buyers encountered difficulties in resolving disputes, with the Consumer Protection Forum being the primary recourse, which lacked time-bound resolutions specifically tailored to the real estate sector.



7. Lack of Developer Accountability: Developers were not held accountable for financial mismanagement, contributing to problems like fund diversion and a lack of accountability.
  8. RERA was introduced to address these challenges and safeguard the interests of home buyers by establishing a regulatory authority, ensuring transparency in transactions, and promoting accountability within the real estate sector
- 

### **1.7 PROVISION OF RERA ACT**

<b>SECTION</b>	<b>SEPICIFICS</b>
Sec. 3	Registration of a real estate project with the Real Estate Regulatory Authority before commencement.
Sec. 4	Request for Registration
Sec. 5	Approval of Registration
Sec. 6	Prolongation of Registration
Sec. 7	Cancellation of registration

Sec. 9	Enrollment of Real Estate Agents
Sec. 10	Responsibilities of Real Estate Agent

Sec. 11	Roles and obligations of Promoters
Sec. 12	Incorrect or False information in promotion
Sec. 19	Rights and duties of Allottees
Sec. 21	Composition of RERA Authority
Sec. 38	Power of RERA Authority
Sec. 53	Powers of Real Estate Appellate Tribunal
Sec. 59 - 72	Offences, Penalties and Adjudication

## **CHAPTER – 2**

### **REAL ESTATE AND COVID – 19**

#### **2.1 OVERVEIW OF COVID 19**

The emergence of the COVID-19 pandemic, stemming from the novel coronavirus SARS-CoV-2, occurred in December 2019 within Wuhan, located in Hubei province, China. Its rapid global transmission precipitated an unparalleled public health emergency, prompting widespread socio-economic upheavals on a global scale. Below is a summary of the COVID-19 pandemic:

##### **1. Emergence and Spread:**

- Initial instances of COVID-19 emerged in December 2019, initially associated with a seafood market in Wuhan, where live animals were also traded.
- The virus rapidly disseminated within Wuhan and subsequently to various regions of China. By January 2020, cases surfaced in other nations, prompting the World Health Organization (WHO) to declare a Public Health Emergency of International Concern.

##### **2. Global Impact:**

- The COVID-19 pandemic had far-reaching effects, impacting public health, economies, social structures, and daily life across the globe.
- Authorities enforced diverse strategies to curb the transmission of the virus, such as implementing lockdowns, imposing travel limitations, advocating for social distancing, and

mandating the use of masks.

### **3. Public Health Response:**

- Health systems worldwide faced immense pressure, with hospitals overwhelmed by the surge in COVID-19 cases, leading to shortages of medical supplies, hospital beds, and personnel.
- Efforts to combat the virus included widespread testing, contact tracing, quarantine and isolation measures, vaccination campaigns, and public health education.

### **4. Economic Impact:**

- The pandemic caused significant disruptions to global trade, supply chains, and financial markets, leading to economic recessions in many countries.
- Businesses across various sectors faced closures, layoffs, and financial losses, particularly those in tourism, hospitality, retail, and entertainment industries.

### **5. Social and Psychological Effects:**

- Lockdowns and social distancing measures resulted in increased social isolation, mental health challenges, and domestic violence.

The pandemic exacerbated existing social inequalities, disproportionately affecting vulnerable populations such as low-income individuals, ethnic minorities, and refugees

### **6. Vaccination Efforts:**

- The development and distribution of COVID-19 vaccines marked a significant milestone in the global response to the pandemic.
- Vaccination campaigns aimed to achieve widespread immunity and reduce transmission, although challenges such as vaccine hesitancy, supply shortages, and inequitable distribution persisted.

### **7. Variants and Ongoing Challenges:**

- The emergence of new variants of the virus posed challenges to containment efforts and vaccine efficacy, necessitating ongoing monitoring and adaptation of public health strategies.
- As of the present, the COVID-19 pandemic continues to evolve, with efforts focused on vaccination, surveillance, and preparedness for future outbreaks.

In summary, the COVID-19 pandemic has had profound and multifaceted impacts on societies worldwide, shaping public health responses, economies, and daily life in unprecedented ways. Effective management of the pandemic requires coordinated global efforts, ongoing vigilance, and adaptation to emerging challenges.

### **EFFECTS OF LOCKDOWN AND SOCIAL DISTANCING ON HOME SALES**

The implementation of lockdowns and social distancing measures in response to the COVID-19 pandemic has had significant effects on various sectors of the economy, including the real estate market. Here are some of the effects observed on home sales:

1. **Decreased Demand:** Lockdowns and social distancing measures have led to a decrease in demand for homes. With restrictions on movement and economic uncertainties, potential homebuyers have become more cautious about making major financial decisions, including purchasing a home. Many individuals have postponed their plans to buy a home due to concerns about job security, income stability, and the overall economic outlook.
2. **Disrupted Sales Processes:** Lockdown measures, such as restrictions on physical interactions and closure of non-essential businesses, have disrupted the traditional sales processes in the real estate market. Property viewings, open houses, and face-to-face meetings with real estate agents have become challenging or impossible in some cases. This disruption in the sales process has slowed down the overall pace of home sales.
3. **Delayed Transactions:** The closure of government offices and financial institutions during lockdowns has led to delays in property transactions. Processes such as property registration, mortgage approvals, and legal documentation have been delayed, affecting the timelines of home sales transactions. Additionally, uncertainties surrounding the duration and severity of lockdown measures have made both buyers and sellers hesitant to proceed with property transactions.
4. **Shift in Preferences:** The pandemic has led to a shift in homebuyers' preferences and priorities. With remote work becoming more common, there has been an increased demand for homes with dedicated office spaces, outdoor areas, and access to amenities such as high-speed internet. Conversely, there has been a decreased demand for properties located in urban areas or high-density neighborhoods, as individuals prioritize space and safety.



5. **Regional Variances:** The effects of lockdowns and social distancing measures on home sales have varied across regions and localities. Urban areas, especially those with higher population densities and stricter lockdown measures, have experienced more pronounced declines in home sales compared to suburban or rural areas. Additionally, regions with stronger economic resilience and less dependence on industries heavily impacted by the pandemic have seen relatively fewer disruptions in home sales.
6. **Government Interventions:** Governments have implemented various measures to support the real estate market during the pandemic. These measures include financial assistance programs, tax incentives, and regulatory changes aimed at facilitating property transactions and providing relief to homeowners facing financial difficulties. However, the effectiveness of these interventions in stimulating home sales has been mixed and dependent on factors such as market conditions and the severity of the pandemic.

Overall, lockdowns and social distancing measures have had a significant impact on home sales, leading to decreased demand, disrupted sales processes, delayed transactions, and shifts in buyer preferences. As the situation evolves and economies recover, the real estate market is expected to adjust to the new normal, with potential long-term changes in consumer behavior and market dynamics.

### **Impact on Real Estate Transactions and Supply Chain**

The COVID-19 pandemic has had a profound impact on real estate transactions and the supply chain, disrupting traditional practices and necessitating adaptation to new challenges. Here are some key effects observed:

1. **Disruption of Transactions:** The implementation of lockdowns and social distancing measures led to a significant disruption in real estate transactions. Restrictions on movement and in-person interactions hampered property viewings, inspections, and closings, resulting in delays and cancellations of transactions. Real estate agents, buyers, and sellers faced logistical challenges in completing deals, causing a slowdown in market activity.
2. **Shift to Digital Transactions:** The pandemic accelerated the adoption of digital technologies in real estate transactions. Virtual tours, 3D walkthroughs, and video conferencing became essential tools for showcasing properties and conducting remote meetings with clients. Digital

platforms for document signing, contract management, and financial transactions facilitated the continuation of business operations while minimizing physical contact.

3. **Changes in Financing:** The economic uncertainty caused by the pandemic impacted financing options for real estate transactions. Lenders tightened credit standards and introduced stricter underwriting criteria, making it more challenging for buyers to secure mortgages. The availability of financing, interest rates, and down payment requirements fluctuated in response to economic conditions, influencing purchasing power and affordability for homebuyers.
4. **Supply Chain Disruptions:** The real estate industry relies on a complex supply chain involving various stakeholders, including developers, contractors, suppliers, and manufacturers. The pandemic disrupted the supply chain, causing delays in construction projects and shortages of building materials and labor. Lockdowns, travel restrictions, and temporary closures of manufacturing facilities and distribution centers disrupted the flow of materials and equipment, leading to project delays and cost overruns.
5. **Impact on Construction Activity:** Construction activity in the real estate sector was significantly affected by the pandemic. Many construction projects were temporarily halted or delayed due to restrictions on non-essential activities and workforce shortages. Social distancing requirements and health protocols introduced additional challenges for construction sites, leading to reduced productivity and increased costs associated with safety measures.
6. **Shifts in Consumer Demand:** The pandemic altered consumer inclinations and demand trends within the real estate sector. Homebuyers sought properties with features such as home offices, outdoor spaces, and flexible living arrangements in response to remote work trends and lifestyle changes. Shifts in demographic preferences, such as urban-to-suburban migration, influenced the demand for different types of properties and locations.
7. **Adaptation of Business Practices:** Real estate professionals and firms adapted their business practices to comply with health and safety regulations and meet the evolving needs of clients. Remote work arrangements, flexible scheduling, and enhanced sanitation protocols were implemented to minimize the risk of virus transmission. Digital marketing strategies, online

listing platforms, and virtual networking events became essential for maintaining client relationships and generating leads.

## **2.2 Changes in Consumer Behaviour and Preferences**

The COVID-19 pandemic has induced significant changes in consumer behaviour and preferences, particularly in the context of the real estate market. Here are some key shifts observed:

1. **Preference for Larger Living Spaces:** With remote work becoming more prevalent, many individuals are seeking larger living spaces to accommodate home offices and other remote work setups. Homebuyers are placing greater emphasis on properties with dedicated workspaces, additional bedrooms, and flexible floor plans that can accommodate the changing needs of remote work and learning.
2. **Focus on Outdoor Amenities:** The pandemic has heightened the importance of outdoor spaces and amenities among homebuyers. Properties with features such as private yards, balconies, terraces, and access to parks or green spaces have become more desirable. Homebuyers value outdoor areas for recreation, exercise, and relaxation, especially as indoor activities are limited due to social distancing measures.
3. **Suburban and Rural Migration:** The pandemic has prompted a noticeable migration from urban areas to suburban and rural locations. Homebuyers are seeking properties in less densely populated areas that offer more space, privacy, and access to nature. Factors driving this trend include a desire for larger homes, lower population density, and perceived safety from the virus.
4. **Emphasis on Health and Safety:** Health and safety considerations have become paramount in homebuyers' decision-making processes. Properties with features such as touchless entry systems, air purification systems, and home offices are increasingly sought after. Homebuyers are also prioritizing neighborhoods with access to healthcare facilities, grocery stores, and other essential services within close proximity.
5. **Digitalization of Real Estate Transactions:** The pandemic has accelerated the adoption of digital tools and platforms for real estate transactions. Virtual tours, online property listings, digital document signing, and remote meetings with real estate agents have become standard

practices. Homebuyers are relying more on technology to search for properties, conduct viewings, and complete transactions, reducing the need for physical interactions.

6. **Sustainability and Energy Efficiency:** There is a growing preference for sustainable and energy-efficient homes among environmentally-conscious homebuyers. Properties with features such as solar panels, energy-efficient appliances, and green building materials are perceived as more attractive. Homebuyers are increasingly prioritizing properties that minimize environmental impact and offer long-term cost savings on utilities.
7. **Flexible Living Arrangements:** The pandemic has prompted some individuals to reevaluate their living arrangements and explore alternative housing options. Co-living spaces, multi-generational homes, and shared living arrangements have gained traction as people seek companionship, cost-sharing opportunities, and support networks during uncertain times.

### **2.3 The Influence of RERA and the COVID-19 Pandemic on the Indian Economy:**

A global pandemic of coronavirus swept across the world, impacting various sectors including real estate. The real estate industry, already grappling with financial challenges, witnessed further setbacks due to COVID-19. Projects faced delays, and potential investors lacked the financial resources to engage in property investments such as buildings or plots. The lockdown measures significantly disrupted business activities, compounding the difficulties faced by the real estate sector, which was already struggling to adapt to regulatory changes like RERA. Over the past decade, the industry has encountered numerous hurdles, including demonetization, GST implementation, RERA implementation, and now the COVID-19 crisis.

According to data from the state real estate regulator's website, the number of registered real estate projects, spanning residential, commercial, mixed development, and planned schemes, decreased by 22.8% from 1,745 projects in 2019–20 to 1,346 projects in 2020–21. Additionally, there was a 28% decline in overall investment through these projects, from Rs 45,490 crore in 2019–20 to Rs 32,674 crore in 2020–21. Industry participants attribute this decline in project registrations to the uncertainties surrounding the COVID-19 pandemic and the resulting economic concerns.

However, after a two-year downturn caused by COVID-19, housing prices have begun to stabilize, and unsold inventories have decreased due to rising demand. Despite challenges such as increased

interest rates on home loans and higher property prices, India's residential sector has shown signs of recovery in the current fiscal year, driven by pent-up demand and rising housing sales. The Wholesale Price Index for cement, lime, and plaster increased from 127.1 in December 2021 to 137.6 in December 2022, indicating a rise in construction input costs. Recent government measures, such as reducing import duties on iron ore, steel intermediaries, and steel products, are expected to lower construction costs and help mitigate the rise in housing prices.

Furthermore, the inventory overhang, which indicates the anticipated time for developers to sell all unsold inventory, decreased from 42 months in the third quarter of Financial year 22 to 33 months in the third quarter of FY23, reflecting improved sales velocity. The hybrid work environment, allowing employees to work from anywhere, has prompted first-time homebuyers to explore residential real estate markets in Tier II and III cities. Government initiatives such as reduced interest rates, lower circle rates, decreased stamp duties on real estate transactions, and the extension of RERA have increased affordability and contributed significantly to the post-pandemic recovery of the real estate sector.

To enhance the efficiency of the real estate industry, the RERA act was implemented in 2016. Prior to this regulation, the absence of laws or controls in the real estate sector led to significant hardships for buyers. RERA was introduced with the aim of safeguarding buyers' rights and ensuring their security in transactions. While the act has brought about significant changes in the dynamics of the real estate business, some perceive it as overly stringent on builders. The real estate sector faces numerous challenges, particularly exacerbated by the impact of the COVID-19 pandemic on the Indian economy. The statistics indicate the profound impact of the pandemic alongside the implementation of new RERA guidelines on the real estate sector. However, gradual recovery is underway with support from the government and other stakeholders. The RERA legislation heavily prioritizes the buyer's perspective, which has repercussions for builders. While many of the buyer's concerns have been addressed, this has caused upheaval for builders, who have experienced significant repercussions.

The global COVID-19 pandemic in 2020 halted various sectors worldwide, including the real estate industry, which had been steadily progressing in recent years. With nearly 1.3 billion people under



quarantine since March 21, 2020, economic activities came to a standstill, significantly impacting the national economy.

As per the ANANROCK H1 2020 PAN India Residential Market survey, the second quarter of 2020 experienced notable effects, characterized by the lowest number of residential property launches since 2013. The availability of fresh launches decreased drastically by 97% compared to Q1 2020 and by 98% compared to the corresponding quarter of the previous year.

Both residential and commercial real estate sectors have been affected in terms of launch, sales, and acquisition, primarily due to shortages of materials and labour, leading to a sluggish and erratic process. Despite developers' preparedness for setbacks, the real estate sector's recovery has been further delayed, heavily reliant on the labour force, which currently presents a bleak outlook.

The repercussions of this pandemic can be categorized into three main areas: labour conditions, global business conditions, and the road to recovery ahead. The declaration of the lockdown left workers and lower-income households grappling with financial difficulties, with many individuals struggling to make ends meet. The mass exodus of migrant workers back to their hometowns left those remaining without jobs, exacerbating the labour crisis.

Labour conditions have become a catch-22 situation, where the absence of either labour or materials disrupts the symbiotic relationship. Many labourers are unemployed due to material shortages, while contractors have halted projects even when materials are available. Residential units scheduled for completion in 2020, estimated at 4.7 lakh by specialist property consultancy ANAROCK, face delays due to disruptions in supply chains and the return of migrant workers.

Amidst the recession, businesses have stepped in to support workers, providing hygiene kits, dry rations, accommodation, and financial assistance. While the national lockdown significantly impacted new launch operations in Q2 2020, the labour crisis did not affect project work as a significant portion of staff chose to continue working. Consequently, unexpected delivery delays are not anticipated. The impact of COVID-19 on home sales has varied geographically and temporally. Generally, there was a notable disruption in the real estate market during the initial phases of the pandemic in 2020. The degree of decline in home sales varied depending on factors like local regulations, economic circumstances, and the severity of the outbreak in specific regions.

In the early stages of the pandemic, many countries enforced lockdowns and social distancing measures, leading to a slowdown in real estate transactions. Prospective buyers and sellers were hesitant to participate in the market due to uncertainties surrounding the economy, job stability, and health risks.

Nevertheless, the real estate market demonstrated resilience in certain areas as transactions adapted to new norms, such as virtual property viewings and online transactions. Furthermore, low-interest rates in numerous countries spurred demand as individuals sought to capitalize on favorable mortgage terms.

The COVID-19 pandemic has significantly impacted various sectors of the global economy, and the real estate industry is no exception. Marked by unprecedented challenges and rapid adaptations, the pandemic has fundamentally reshaped the real estate landscape.

One of the most immediate and noticeable effects of the pandemic on the real estate sector was the sudden cessation of construction activities and property transactions due to government-imposed lockdowns worldwide. These measures disrupted the usual flow of business, leading to delays in projects, financial strain on developers, and uncertainty among buyers and investors.

Moreover, the economic downturn triggered by the pandemic substantially weakened consumers' purchasing power, resulting in a decrease in demand for both residential and commercial properties. Many individuals and businesses were compelled to reevaluate their priorities and postpone investment decisions, resulting in a slowdown in real estate transactions and an accumulation of inventory in certain markets.

The widespread adoption of remote work arrangements also had a profound impact on the real estate sector. With companies embracing telecommuting to ensure business continuity and employee safety, there was a noticeable shift in demand for office spaces. Many businesses downsized their physical office footprint or adopted flexible workspace solutions, leading to increased vacancies and downward pressure on rental prices in commercial real estate markets.

Regarding residential properties, the pandemic altered housing preferences for many individuals and families. Prolonged lockdowns and remote work arrangements spurred a growing demand for larger

homes with dedicated office spaces, outdoor amenities, and proximity to essential services. Suburban and rural areas witnessed heightened interest from urban dwellers seeking more space and a higher quality of life away from densely populated city centers.

Despite the challenges posed by the pandemic, the real estate industry showcased remarkable resilience and adaptability. Digital technologies played a pivotal role in facilitating virtual property viewings, online transactions, and remote collaboration among stakeholders. Real estate professionals utilized digital marketing platforms and virtual reality tools to showcase properties and engage with prospective buyers and tenants, alleviating some of the disruptions caused by social distancing measures.

Government interventions and policy measures also played a significant role in stabilizing the real estate market and supporting industry stakeholders during the pandemic. Stimulus packages, tax incentives, and loan moratoriums provided much-needed relief to developers, homeowners, and businesses grappling with financial difficulties.

Looking ahead, the real estate sector is anticipated to undergo a gradual recovery as vaccination efforts progress and economies reopen. However, the enduring effects of the pandemic, including shifts in consumer behavior, remote work trends, and evolving regulatory frameworks, will continue to influence the industry's trajectory. Adapting to these changes and embracing innovation will be crucial for real estate professionals to thrive in the post-COVID era.

As vaccination campaigns progress and economies slowly reopen, the real estate sector stands on the brink of recovery. Nevertheless, the enduring effects of the pandemic, such as shifts in consumer behavior and the prevalence of remote work, will remain influential factors in shaping the industry's trajectory. Real estate professionals must adapt to these changes by harnessing digital technologies, considering flexible workspace solutions, and reassessing property designs to meet evolving preferences.

Moreover, governmental policies and regulatory frameworks will be pivotal in bolstering the real estate market's resurgence. Ongoing stimulus packages, tax incentives, and initiatives addressing housing affordability will be vital in maintaining momentum within the sector.

In summary, although the COVID-19 pandemic has presented unparalleled obstacles for the real estate industry, it has also catalyzed innovation and transformation. By embracing these changes and adopting progressive approaches, real estate professionals can navigate the post-pandemic landscape and seize emerging opportunities.

### **THE CORONA EFFECT**

The declaration of COVID-19 as a global pandemic has yet to reveal its full impact on various sectors, including the real estate (RE) industry. Preliminary assessments suggest that the pandemic is poised to affect the RE industry in the following ways:

1. **Labour Shortage:** The RE industry heavily relies on labour and the current crisis stemming from the lockdown has halted construction progress on housing projects. Many labourers have migrated to their villages for quarantine, and their return to work is uncertain, contingent upon factors such as the performance of the rural economy and health considerations.
2. **Disruption in Technical Services:** Social distancing measures and lockdowns have led to the discontinuation of technical service providers like architects, structural engineers, and electrical engineers. This collective halt in services is causing significant delays in project completions.
3. **Shortage of Raw Materials:** The ongoing crisis may result in a shortage of critical raw materials essential to the construction industry, such as tiles, electrical fittings, pipes, and construction chemicals. This scarcity is primarily due to supply shortages amidst the lockdown.
4. **Closure of Commercial Spaces:** Commercial spaces leased to the retail and hospitality sectors are closed due to lockdown measures, resulting in minimal rent expectations. These sectors are among the worst hit, facing recurring expenses and additional costs for sanitization and food provision, particularly in shopping malls.
5. **Irregular Customer Payments:** Customer payments, already irregular since mid-last year, have worsened in the current scenario, with approximately 65% of customers defaulting on construction-linked installments. This financial strain is impacting the RE sector's bottom line.
6. **Drop in Sales:** Social distancing measures have led to a significant decrease in sales, further impacting financial inflows to projects. This decline may result in a capital crunch for RE companies, which could take up to six months to recover under the current circumstances.

7. **Supply Shortage from China:** China, the epicenter of the coronavirus, is a major supplier to the Indian real estate industry. With India closing its borders with neighboring countries, the RE sector could face an acute shortage of supplies due to the absence of imports from China.

**The primary challenges encountered include:**

- **Decreasing Site Visits:** Reduced site visits are impacting sales figures.
- **Extended Project Completion Deadlines:** The deadlines for project completion are likely to be prolonged, delaying the overall completion.
- **Escalating Project Costs:** Delays in construction are causing project costs to escalate, creating financial constraints.
- **Rising Inventory Levels:** Increasing inventory levels are putting additional pressure on builders.
- **Potential Price Increases:** Despite sluggish demand, there may be slight upward movements in prices.
- **Decreasing Home Loan Interest Rates:** Home loan interest rates are expected to decline following a repo rate adjustment to 4.4%.
- **Growing Acceptance of Remote Work:** Remote working is gaining traction, with businesses adopting a work-from-home culture.
- **Increased Investment in Office Spaces:** There is a likelihood of higher investment in office spaces to better prepare for crisis situations.
- **Declining Occupancy in Office Spaces:** With the rise of remote working, occupancy levels in office spaces may decrease in the short term.
- **Enhanced NRI Property Investment:** The depreciation of the rupee may lead to increased investment from NRIs in property.
- **Rise in Builder Insolvency Cases:** Liquidity challenges may lead to a surge in cases of builder insolvency.

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**2.2 The drop in home sales during COVID-19**



Several key factors influenced the decline in home sales during the COVID-19 pandemic, as outlined in the provided sources:

1. **Health Concerns and Stay-at-Home Orders:** The pandemic instilled health concerns and prompted stay-at-home orders, causing prospective buyers to hesitate in their home search and sellers to postpone listing their properties.
  2. **Economic Uncertainty:** The economic instability brought about by the pandemic, including job losses and financial insecurity, affected the decision-making of both buyers and sellers within the real estate market.
  3. **Lack of New Listings and Low Inventory:** There was a notable decrease in new listings, compounded by an already limited inventory, resulting in a reduction in housing supply. This scarcity of available homes contributed to the decline in home sales.
  4. **Reduced Home-Buying Activity:** Buyers scaled back their home-buying endeavors, evident in a decrease of over 40% in home showings per listing in April compared to the previous year. Other indicators of housing demand, such as online search activity and submitted offers, also saw significant declines.
  5. **Shift in Housing Needs:** The pandemic prompted households to reassess their housing requirements as homes assumed multiple functions, serving as workplaces, schools, and leisure spaces. This change in lifestyle preferences influenced the demand for specific property types.
  6. **Impact on Local Real Estate Markets:** While nearly all major metropolitan areas experienced a downturn in real estate activity, some regions were more severely affected than others. For instance, cities like New York City and Detroit witnessed substantial decreases in pending home sales, highlighting the localized effects of the pandemic on real estate markets.
7. **Decreased New Listings and Limited Inventory:** The pandemic resulted in a decrease in new listings, resulting in a constrained housing supply. In April 2020, new listings saw a reduction of over 40% compared to the same period in the previous year, accompanied by a 17% decline in inventory from April 2019.

8. **Delisting of Properties:** In the early stages of the pandemic, there was a notable increase of over 25% in delisted properties compared to the previous year. Homeowners were hesitant to sell amidst the uncertainties brought on by the pandemic.
9. **Diminished Housing Demand:** The immediate economic impact of the pandemic, coupled with apprehensions of further declines, led to a decrease in housing demand. This decline in demand exacerbated the shortage of available housing.
10. **Shifts in Housing Market Behavior:** The pandemic induced changes in behavior within the housing market, prompting some households to reassess their housing needs due to increased time spent at home. This shift in demand may have contributed to increased interest in housing options located in less densely populated areas.
11. **Supply-Side Dynamics of the Housing Market:** In the UK, during the lockdown period, sellers maintained relatively high listing prices compared to transaction prices, resulting in a temporary stagnation of the market as sellers adopted a "wait-and-see" approach. Following the lockdown, listing prices declined in London but rose in peripheral regions, reflecting a broader trend towards relocating to more affordable markets in response to increased remote work opportunities. These factors collectively contributed to the decline in home sales during the COVID-19 pandemic, underscoring the intricate interplay between health, economic, and lifestyle factors in shaping real estate market dynamics during times of crisis.

The Indian residential sector has faced subdued demand in recent years. To navigate these challenges, developers have employed various strategies such as limiting supply, focusing on efficient execution, reducing unit sizes, and developing affordable housing projects. However, the liquidity crisis triggered by the IL&FS fiasco, along with subsequent repercussions from various financial institutions, further exacerbated the challenges faced by the residential sector.

In response to these shifting dynamics, private equity (PE) players redirected their focus primarily towards commercial assets. According to ANAROCK Research, the share of residential PE investments in total inflows declined from 53% in 2015 to just 8% in 2019.

The COVID-19 pandemic has dealt a severe blow to the residential real estate business, bringing the sector to a standstill. With site visits, discussions, documentation, and closures coming to a halt, early indicators suggest that the sector is poised to face significant challenges in the foreseeable future.

**Several noteworthy trends are expected to surface amid the COVID-19 situation.**

## **CONSTRUCTION DELAYS**

Anticipated construction delays are expected due to the ongoing COVID-19 situation, affecting over 15.62 lakh units launched between 2013 and 2019 across the top 7 cities of India. Mumbai Metropolitan Region (MMR) and National Capital Region (NCR) together represent approximately 57% of these units, totaling around 8.9 lakh units. With India under lockdown until mid-April 2020 (as per the current advisory), significant disruptions in the supply of construction materials are inevitable, even after the lockdown is lifted, resulting in disturbances and delays in construction activities.

Based on our assessment, construction delays could potentially extend for several months for projects with ample funding, while for others, delays may persist for up to a couple of years. Given the declaration of a national disaster, even the Real Estate (Regulation and Development) Act (RERA) is likely to be ineffective in assisting homebuyers in recovering any penalties. Therefore, it is imperative for homebuyers to prepare for potential construction delays.

## **DECLINE IN NEW LAUNCHES**

New property launches in the top 7 cities of India showed a gradual recovery since 2017, as the effects of structural changes and policy reforms settled. However, the pace of this recovery declined due to a liquidity crisis. On an annual basis, there was a 33% growth in new launches in 2018 compared to the previous year, followed by a reduced growth of 21% in 2019.

The current COVID-19 outbreak is expected to cause significant disruptions, particularly in terms of construction delays and financing challenges. Additionally, the usual opportune period for new launches, which coincides with the festive season and summer vacation, may be impacted. Furthermore, the third quarter of any calendar year typically experiences slower new launches due to factors such as monsoons and the 'shraad' period.

## **SALES SLOWDOWN**

Sales in the top 7 cities of India experienced a subdued performance in 2017, primarily due to the impact of demonetization and other structural reforms. However, there was an improvement in sales by 18% in 2018 compared to the previous year, as the Real Estate (Regulation and Development) Act

(RERA) came into effect, encouraging fence-sitters to re-enter the market. Unfortunately, this optimism was short-lived, and amidst the liquidity crisis and economic downturn in 2019, sales saw only a 9% improvement over the previous year.

Given that residential real estate sales heavily rely on physical site visits, interactions, discussions, and documentation, we anticipate that sales in 2020 could be significantly affected by the ongoing COVID-19 outbreak in India. Many prospective homebuyers may choose to postpone their decisions either to avoid visiting project sites or in anticipation of a potential price correction.

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### **UNSOLD INVENTORY TO REMAIN STABLE**

Amid limited supply and a slight uptick in demand, the unsold inventory in the top 7 cities of India has been diminishing over the past few years. In 2018, there was an annual decrease in unsold inventory of 7%, followed by a 4% decline in 2019.

As new launches grind to a halt, at least for the foreseeable future until the COVID-19 situation is contained in the country, potential homebuyers may become more active in the second half of the year. They may opt to choose from the existing unsold inventory available across projects at various stages of construction.

### **AFFORDABLE HOUSING SEGMENT TESTED**

About 40% of the recent additions to the real estate market in the top 7 cities of India over the past years have been in the affordable housing category, defined as units priced below INR 40 lakh. This surge in affordable housing developments was largely propelled by the government's emphasis on the 'Housing for All' initiative and the extension of various incentives to both homebuyers and developers

in this segment. Additionally, due to the scarcity of land in central areas of many cities, developers began focusing on affordable housing projects in peripheral locations.

However, with the ongoing COVID-19 pandemic, the segment of the population most affected is likely the target demographic for affordable housing projects. These potential homebuyers, often with limited incomes and lacking the option to work from home, may face reduced pay or even job losses, leading them to reconsider their purchasing decisions. As of the first quarter of 2020, affordable housing units already accounted for approximately 36% of the total unsold inventory across the top 7 cities. This segment was already under strain, and the current pandemic has exacerbated the situation.

### **MASSIVE CONSOLIDATION**

The Indian real estate industry has been undergoing a period of consolidation in recent years, particularly with the implementation of RERA. This regulatory framework posed challenges for financially weaker players in adhering to compliance norms, leading to their exit from the market or their consolidation with larger entities. The liquidity crisis further exacerbated this trend, triggering a fresh wave of consolidation.

In this new landscape, survival is increasingly determined by the strength and financial stability of the players involved. Notably, there has been a notable uptick in the market share of new launches by established brands. According to our research, tier I developers accounted for approximately 56% of new launches in 2018, a significant increase from 41% in 2015. This trend continued into 2019, with the liquidity crisis disproportionately affecting weaker players, thus further boosting the market share of established developers.

### **CONSUMER SENTIMENTS TO DIP FURTHER**

For over three years, the Indian residential real estate sector has been facing challenges stemming from subdued demand and weakened consumer sentiment. Structural changes and policy reforms such as DeMo, RERA, GST, and IBC initially injected some confidence into the market, prompting consumers to reconsider this asset class. However, the market landscape shifted towards end-user preferences, with sales largely driven by individuals seeking properties for personal use. In the midst of the ongoing COVID-19 pandemic, consumer confidence has taken a significant hit. Not only are



concerns mounting over potential construction delays and a decrease in new project launches, but there is also a growing sense of uncertainty surrounding overall economic growth. This sentiment is reflected not only in the real estate sector but also in stock market indices, as institutional and retail investors alike grapple with fears stemming from the pandemic.

### **2.3 CHALLENGES FACED BY THE REAL ESTATE INDUSTRY IN IMPLEMENTING RERA DURING PANDEMIC**

The real estate industry's challenges in implementing RERA during the pandemic are multifaceted, as it contends with both the pandemic's effects and compliance with RERA regulations.

Firstly, the COVID-19 pandemic has significantly weakened the real estate sector, compounding pre-existing financial woes. Lockdowns and restrictions stemming from the pandemic have disrupted supply chains, resulting in shortages of raw materials and labor.

Secondly, the introduction of RERA has compounded industry challenges. While RERA aims to enhance transparency and safeguard buyers' interests, it has also posed obstacles for developers, particularly in meeting regulatory requirements and deadlines. Stringent RERA regulations have led to project delays, financial constraints, and diminished housing sales.

Thirdly, the pandemic has exacerbated the industry's difficulties in implementing RERA. The uncertainty and financial strains brought on by the pandemic have made it harder for developers to adhere to RERA's mandates, resulting in further project delays and decreased housing sales.

Lastly, the intersection of the COVID-19 pandemic, RERA implementation, and pre-existing real estate sector challenges has created a complex landscape marked by significant disruptions. Understanding these challenges is crucial for assessing the broader impact on the Indian economy and the future trajectory of the real estate sector.

#### **Case Studies of RERA Implementation in Different States**

## **Case Study 1: Maharashtra**

Maharashtra has been at the forefront of implementing the Real Estate (Regulation and Development) Act (RERA) since its inception. The Maharashtra Real Estate Regulatory Authority (MahaRERA) was established in 2017 to regulate the state's real estate sector and ensure transparency, accountability, and consumer protection.

### **Key Features of RERA Implementation in Maharashtra:**

1. **Transparent Online Platform:** MahaRERA launched a user-friendly online portal where developers are required to register their projects and provide detailed information, including project status, approvals, and timelines. Homebuyers can access this portal to track the progress of registered projects and file complaints against developers for non-compliance.
2. **Timely Project Registration:** Developers are mandated to register their projects with MahaRERA before advertising or selling any units. This ensures that all ongoing and upcoming projects are brought under regulatory oversight, preventing fraudulent practices and delays in project delivery.
3. **Stricter Compliance Measures:** MahaRERA enforces stringent compliance measures to ensure that developers adhere to project timelines, quality standards, and contractual obligations. Failure to comply with regulatory requirements can result in penalties, project revocation, or suspension of registration.
4. **Consumer Grievance Redressal:** MahaRERA provides a robust mechanism for resolving consumer grievances and disputes through conciliation, mediation, and adjudication. Homebuyers can lodge complaints against developers for issues such as project delays, quality defects, and unfair practices, with MahaRERA acting as a mediator to facilitate resolution.
5. **Promoting Accountability:** RERA has increased accountability among developers by mandating transparency in project finances, utilization of funds, and adherence to project specifications. Developers are required to deposit a significant portion of project proceeds into a dedicated escrow account, ensuring financial discipline and safeguarding buyer interests.
6. **Legal Framework for Homebuyers:** RERA empowers homebuyers with legal rights and protections, including the right to information, possession, and compensation for delays. Developers are obligated

to enter into agreements with buyers based on model sale agreements prescribed by MahaRERA, preventing unfair terms and safeguarding buyer interests.

### **Impact of RERA Implementation in Maharashtra:**

- **Increased Transparency:** The online registration and disclosure requirements have enhanced transparency in the real estate sector, enabling homebuyers to make informed decisions and mitigate risks associated with property investments.
- **Improved Developer Accountability:** RERA has instilled accountability among developers, leading to improved project management practices, adherence to timelines, and quality standards.
- **Consumer Confidence:** The regulatory framework provided by RERA has boosted consumer confidence in the real estate market, leading to increased demand for RERA-compliant projects and fostering a more vibrant and sustainable real estate ecosystem.

Overall, Maharashtra's experience with RERA implementation serves as a model for other states in India, highlighting the importance of regulatory oversight, transparency, and consumer protection in promoting sustainable growth and development in the real estate sector.

### **Case Study 2: UP**

UP is one of India's most populous states and has a significant real estate market. The implementation of the Real Estate (Regulation and Development) Act (RERA) in Uttar Pradesh has been instrumental in bringing transparency, accountability, and consumer protection to the state's real estate sector.

### **Key Features of RERA Implementation in Uttar Pradesh:**

1. **Establishment of Regulatory Authority:** The Uttar Pradesh Real Estate Regulatory Authority (UPRERA) was established in 2016 to regulate the state's real estate sector and ensure compliance

with RERA provisions. UPRERA serves as the primary authority for registering projects, resolving disputes, and enforcing regulatory compliance.

2. **Mandatory Project Registration:** Developers are required to register their real estate projects with UPRERA before advertising, marketing, or selling any units. Project registration involves providing detailed information about the project, including approvals, timelines, and financial details, which are made available to homebuyers through UPRERA's online portal.
3. **Online Complaint Redressal:** UPRERA operates an online portal where homebuyers can file complaints against developers for non-compliance with RERA provisions. UPRERA facilitates the resolution of disputes through conciliation, mediation, or adjudication, ensuring timely justice and relief for aggrieved parties.
4. **Financial Transparency:** RERA mandates developers to deposit a significant portion of project proceeds into a dedicated escrow account to ensure transparent utilization of funds. This measure safeguards homebuyer interests and prevents diversion of funds for other purposes, promoting financial discipline and project completion.
5. **Buyer Protections:** RERA provides various protections and rights to homebuyers, including the right to information, possession, and compensation for project delays. Developers are required to enter into agreements with buyers based on model sale agreements prescribed by UPRERA, preventing unfair terms and protecting buyer interests.
6. **Developer Accountability:** UPRERA enforces strict compliance measures to ensure that developers adhere to project timelines, quality standards, and contractual obligations. Developers found to be in violation of RERA provisions may face penalties, project revocation, or suspension of registration, promoting accountability and professionalism in the industry.

### **Impact of RERA Implementation in Uttar Pradesh:**

- **Enhanced Transparency:** The implementation of RERA has increased transparency in the real estate sector, enabling homebuyers to make informed decisions and reduce risks associated with property investments.
- **Improved Consumer Confidence:** RERA has boosted consumer confidence in Uttar Pradesh's real estate market by providing legal protections, dispute resolution mechanisms, and assurances of project quality and delivery.

- Professionalization of the Industry: RERA has encouraged developers to adopt professional project management practices, adhere to regulatory requirements, and prioritize buyer satisfaction, leading to a more credible and sustainable real estate ecosystem in the state.

Overall, the implementation of RERA in Uttar Pradesh has been instrumental in transforming the state's real estate sector, promoting transparency, accountability, and consumer-centric practices, and fostering long-term growth and stability in the industry.

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### **The initial response of the Indian housing market to the COVID-19 pandemic.**

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The advent of the Coronavirus in December 2019 heralded significant changes worldwide. As countries implemented stringent measures to curb the pandemic, businesses ground to a halt globally, this led monetary authorities to lower growth projections for the global economy, including India. The International Monetary Fund (IMF), in its October 2020 World Economic Outlook report titled 'A Long and Challenging Climb,' forecasted a -10.3% growth rate for the Indian economy in 2020. This represented a downgrade of -5.8 percentage points from its June estimate. Following a sharp decline of 23.9% in the gross domestic product (GDP) numbers for the first quarter of FY21 compared to the same quarter of the previous fiscal year, global rating agencies such as S&P, Moody's, and Fitch also forecasted contractions of 11.5% and 10.5% for the Indian economy in the current fiscal year. S&P Global Ratings, in particular, revised its FY21 growth forecast for India to -9% on September 14, 2020, down from the earlier estimate of -5%, citing the escalating number of COVID-19 infections as a key factor hindering private economic activity.

While the detrimental effects of the pandemic are evident worldwide, opinions differ regarding its impact on the real estate sector. The health emergency triggered the largest work-from-home experiment globally, raising questions about the future relevance of workspaces in a post-COVID-19 world. In India, where the economic contraction suggests a delayed start to the arduous journey of recovery, an extended lockdown from March 25, 2020, to June 7, 2020, exacerbated the situation in Asia's third-largest economy amid a surge in infections.

"The impact of the Coronavirus outbreak on the Chinese economy began in December 2019, but its

severity in India became apparent only in March 2020. The nationwide lockdown, which virtually halted most economic activities, including real estate, has adversely affected all sectors. The housing market saw a decline in sales in the last quarter of the previous fiscal year, particularly in March, which is typically one of the busiest months for sales.

The COVID-19 pandemic had significant financial repercussions across various sectors of the economy, including the real estate industry, which faced substantial challenges for both customers and developers. Customers experienced delays in project completion, market value fluctuations, and uncertainties, while developers struggled to fulfill contractual obligations, cope with a drop in demand, manage slow progress, and face increased bargaining power from customers. Additionally, the supply of inputs was disrupted, further complicating matters. In response to these challenges, the government and other authorities intervened to mitigate the impacts. The first and second waves of the pandemic disrupted economic activities and services, significantly impacting the real estate sector. The decline in property prices in major cities and metropolitan areas adversely affected builders and developers. However, regulatory measures implemented by the government helped alleviate some of these implications. Despite ongoing challenges, the sector is gradually moving towards recovery and adapting to the new normal following the COVID-19 pandemic.

### **CHAPTER 3**

#### **REAL ESTATE SECTOR HISTORY**

The history of India's real estate sector dates back to the nation's independence in 1947, witnessing a notable transformation over time, the sector has traversed distinct phases, each marked by specific milestones and regulatory alterations influencing its trajectory:



## **1. Post-Independence Era (1947-1990s):**

Following independence, the government prioritized addressing housing requirements, leading to the establishment of institutions like the Housing and Urban Development Corporation (HUDCO) in 1970 to finance housing projects. Notable developments during this period include the creation of new capital cities like Chandigarh and the Maharashtra Regional and Town Planning Act of 1966, setting the groundwork for planned urban development. The real estate industry experienced notable advancements and expansion. From the 1950s to the 1970s, significant infrastructure projects such as the planned cities of Chandigarh and Gandhinagar, crafted by renowned architects, marked this era. The Maharashtra Regional and Town Planning Act of 1966 represented a groundbreaking initiative by a state government to bolster the real estate sector. Subsequent years witnessed the establishment of pivotal institutions like the Housing and Urban Development Company, City and Industrial Development Corporation, and the National Housing Bank, further stimulating growth in housing. The 1990s saw the liberalization of monetary policies, attracting multinational corporations to invest in India and fostering the construction of skyscrapers and extensive real estate projects. The advent of Real Estate Investment Trusts (REITs) in 2014 and the enactment of the Real Estate (Regulation and Development) Act (RERA) in 2017 ushered in a new era of transparency, consumer protection, and quality assurance. Post-independence, the real estate sector in India has undergone significant evolution, propelled by various regulatory reforms and initiatives aimed at fostering its growth and progress.

## **2. Liberalization Period (1990s):**

The economic liberalization of the 1990s was pivotal for India's real estate sector. Opening up monetary policies facilitated the entry of multinational corporations, resulting in heightened demand for housing complexes and commercial spaces. This phase witnessed the emergence of skyscrapers in major cities such as Mumbai, Delhi, Kolkata, and Chennai, driven by increased foreign investments and the burgeoning IT and ITES sectors. During the liberalization period in the real estate sector, which occurred primarily in the 1990s, there was a significant shift in policies and regulations that

led to a transformation of the industry. This period marked a departure from the previously stringent regulations and introduced more open-market policies.

**Key aspects of the liberalization period in real estate include:**

1. **Economic Reforms:** The Indian economy underwent extensive liberalization during the 1990s, opening up various sectors to foreign investment and reducing government control. This created new opportunities for growth and development in the real estate sector.
2. **Foreign Investment:** Liberalization policies allowed for greater foreign investment in India, including in the real estate sector. This influx of foreign capital contributed to the growth of the industry and facilitated the development of new projects, particularly in urban areas.
3. **Rise of Private Developers:** The liberalization period saw the emergence of private developers who played a significant role in shaping the real estate landscape. These developers brought innovation, professionalism, and efficiency to the sector, leading to the development of modern housing complexes and commercial spaces.
4. **Urbanization and Infrastructure Development:** Rapid urbanization and increased demand for infrastructure led to significant growth in the real estate sector. New urban centers emerged, and existing cities witnessed extensive development, including the construction of residential, commercial, and industrial properties.
5. **Technological Advancements:** The liberalization period coincided with advancements in technology, which transformed various aspects of the real estate industry. From design and construction to marketing and sales, technology played a crucial role in driving efficiency and enhancing productivity.

Overall, the liberalization period in the real estate sector marked a fundamental shift towards market-driven policies and private sector participation. It laid the foundation for the modernization and expansion of the industry, paving the way for its continued growth in the subsequent years.

**3. Post-Liberalization Era (2000s):**

The post-liberalization era witnessed further expansion in the real estate domain, propelled by the influx of IT companies in cities like Bengaluru, Hyderabad, Gurugram, and Noida. The introduction of Real Estate Investment Trust (REIT) regulations in 2014 and the enactment of the Real Estate (Regulation and Development) Act (RERA) in 2017 brought substantial reforms, enhancing transparency and safeguarding the interests of homebuyers. Additionally, initiatives such as the Pradhan Mantri Awas Yojana and the Smart Cities Mission bolstered the sector's advancement. Following the liberalization period in the real estate sector, several significant developments occurred that shaped the industry in India:

1. **Rise of Real Estate Investment:** The post-liberalization era witnessed a surge in real estate investment, both domestic and foreign. With increased access to capital and favorable economic conditions, investors showed greater interest in real estate assets, leading to a boom in property development and transactions.
2. **Expansion of Urban Areas:** Urbanization continued to accelerate in India, leading to the expansion of existing cities and the development of new urban centers. This growth in urban areas created demand for residential, commercial, and industrial properties, driving further investment in the real estate sector.
3. **Infrastructure Development:** Government initiatives and private investments spurred infrastructure development across the country. Projects such as metro rail networks, highways, airports, and smart cities bolstered connectivity and improved the overall infrastructure, making urban areas more attractive for real estate development.
4. **Regulatory Reforms:** In response to the changing dynamics of the real estate market, regulatory reforms were introduced to promote transparency, accountability, and consumer protection. Initiatives such as the Real Estate (Regulation and Development) Act (RERA) aimed to regulate the sector and address issues such as project delays, quality standards, and fraudulent practices.
5. **Focus on Affordable Housing:** Recognizing the need for affordable housing, government schemes such as the Pradhan Mantri Awas Yojana (PMAY) were launched to incentivize the development of affordable homes for low and middle-income segments. This emphasis on affordable housing contributed to increased investment and construction activity in this segment.

6. **Technology Integration:** The adoption of technology continued to play a crucial role in the real estate sector, facilitating processes such as property listings, online transactions, virtual property tours, and project management. Technology-driven platforms and solutions enhanced efficiency, transparency, and customer experience in the industry.

Overall, the post-liberalization period witnessed significant growth and transformation in the real estate sector, driven by economic liberalization, urbanization, infrastructure development, regulatory reforms, and technological advancements. These developments laid the groundwork for the continued evolution of the industry in India.

#### 4. **Modern Era (2010s and Beyond):**

The contemporary period has witnessed regulatory reforms aimed at fostering transparency and accountability in the real estate sphere. The implementation of the Goods and Services Tax (GST) in 2017 streamlined the tax framework, while initiatives like 'Housing for All by 2022' and the Smart Cities Mission have been instrumental in propelling growth. Despite intermittent fluctuations, the real estate market has demonstrated resilience and allure to both domestic and international investors. India's real estate sector has exhibited noteworthy growth and resilience over the years, with a blend of regulatory adjustments, economic reforms, and government shaping its evolution into a pivotal driver of socio-economic transformation in the nation. In the modern era of real estate in India, several key developments have shaped the sector. Here's a brief overview:

1. **Regulatory Reforms:** The modern era has been characterized by significant regulatory reforms aimed at increasing transparency and accountability in the real estate sector. The enactment of the Real Estate (Regulation and Development) Act, 2016 (RERA) brought about a paradigm shift in the industry by establishing a regulatory framework to protect the interests of homebuyers and promote fair practices.
2. **Technology Integration:** There has been a rapid integration of technology in the real estate sector, transforming various aspects of the industry. Online platforms, property listing websites, virtual tours, and digital marketing have become commonplace, making property transactions more accessible and efficient.

3. **Infrastructure Development:** With urbanization and economic growth, there has been a continued focus on infrastructure development in cities across India. Improved transportation networks, utilities, and amenities have enhanced the livability and attractiveness of urban areas, driving demand for real estate.
4. **Affordable Housing Initiatives:** Government initiatives such as the Pradhan Mantri Awas Yojana (PMAY) have aimed to address the housing needs of low and middle-income groups by promoting the development of affordable housing projects. Subsidies, incentives, and tax benefits have been provided to developers and homebuyers to encourage the construction and purchase of affordable homes.
5. **Smart Cities Mission:** The Smart Cities Mission launched by the government aims to develop 100 smart cities across India, leveraging technology and innovation to improve urban infrastructure and services. This initiative has led to the development of integrated townships, sustainable urban solutions, and smart infrastructure projects in select cities.
6. **Market Dynamics:** The real estate market in India has witnessed fluctuations in demand, pricing, and investment patterns influenced by factors such as economic conditions, regulatory changes, and geopolitical developments. Despite occasional challenges, the sector remains a significant contributor to the economy and a favored investment asset class for domestic and international investors.

Overall, the modern era of real estate in India is characterized by dynamic regulatory reforms, technological advancements, and efforts to promote sustainable and inclusive urban development. These developments are reshaping the industry landscape and driving its evolution in line with changing market dynamics and consumer preferences.

## **CHAPTER 4**

### **Data Analysis and Findings**

## **4.1 Presentation of Data on Home Sales Trends Before and During COVID-19**

Presenting data on home sales trends before and during COVID-19 involves analyzing key metrics such as sales volume, prices, and market activity to understand the impact of the pandemic on the real estate sector. Here's how you can structure the presentation of this data:

### **1. Introduction:**

- Provide an overview of the real estate market and its significance in the economy.
- Introduce the topic of home sales trends and the impact of COVID-19 on the sector.

### **2. Key Metrics Before COVID-19:**

- Present data on home sales volume and prices in the pre-pandemic period (e.g., 2019).
- Use graphs, charts, or tables to illustrate trends over time and variations across regions or property types.
- Highlight factors driving the real estate market before the onset of COVID-19, such as economic conditions, demographic trends, and government policies.

### **3. Impact of COVID-19 on Home Sales:**

- Present data on home sales trends during the COVID-19 pandemic, including any significant changes in sales volume, prices, or market activity.
- Use visual aids to compare pre-pandemic and pandemic-period data side by side for a clear understanding of the impact.
- Discuss the factors contributing to the decline or fluctuation in home sales during the pandemic, such as lockdown measures, economic uncertainty, and changes in consumer behavior.

### **4. Regional Variations and Market Segments:**

- Analyze regional variations in home sales trends before and during COVID-19, highlighting areas that experienced more significant impacts.
- Explore differences in market segments, such as urban vs. suburban areas, luxury vs. affordable housing, and primary vs. vacation markets, and their respective sales trends.

### **5. Government Interventions and Market Responses:**

- Discuss any government interventions or policy measures implemented to support the real estate market during the pandemic, such as stimulus packages, tax incentives, or regulatory changes.



- Evaluate the effectiveness of these interventions in mitigating the impact on home sales and stabilizing the market.

#### 6. **Future Outlook and Recovery Prospects:**

- Provide insights into the future outlook for home sales post-pandemic, considering factors such as vaccination efforts, economic recovery, and changing consumer preferences.
- Discuss potential recovery prospects for the real estate sector and any emerging trends or opportunities.

### **4.2 Statistical Analysis of Factors Contributing to the Drop in Home Sales**

#### 1. **Data Collection:**

- Gather data on home sales and relevant factors from reliable sources such as real estate databases, government reports, and industry publications.
- Include variables such as sales volume, prices, economic indicators (e.g., GDP growth, unemployment rate), housing supply, mortgage rates, consumer sentiment, and government policies (e.g., lockdown measures, stimulus packages).

#### 2. **Data Preprocessing:**

- Clean the data to remove any inconsistencies, missing values, or outliers that could skew the analysis.
- Convert categorical variables into numerical format if necessary and standardize the data for consistency.

#### 3. **Descriptive Analysis:**

- Perform descriptive analysis to comprehend the distribution and attributes of the variables.
- Compute summary statistics including mean, median, standard deviation, and range for quantitative variables.
- Generate visual representations such as histograms, box plots, and scatter plots to illustrate data distribution and detect patterns.

#### 4. **Correlation Analysis:**

- Perform correlation analysis to identify relationships between variables.
- Calculate correlation coefficients (e.g., Pearson correlation) to measure the strength and direction of linear relationships between pairs of variables.

- Use correlation matrices and heatmaps to visualize the correlation between multiple variables simultaneously.

#### 5. **Regression Analysis:**

- Conduct regression analysis to determine the impact of independent variables on home sales.
- Choose an appropriate regression model based on the nature of the data (e.g., linear regression, logistic regression).
- Specify the dependent variable (e.g., home sales) and independent variables (e.g., economic indicators, housing supply) and fit the regression model to the data.
- Interpret the coefficients of the regression model to understand the magnitude and direction of the relationship between each independent variable and home sales.

#### 6. **Hypothesis Testing:**

- Formulate hypotheses about the relationships between variables based on prior knowledge or theory.
- Use statistical tests such as t-tests or ANOVA to test the significance of these hypotheses.
- Determine whether the observed relationships are statistically significant at a predetermined level of significance (e.g.,  $p < 0.05$ ).

#### 7. **Predictive Modeling (Optional):**

- Build predictive models, such as time series analysis or machine learning algorithms, to forecast future home sales based on historical data and relevant predictors.
- Evaluate the performance of the predictive models using metrics such as mean squared error (MSE) or R-squared.

#### 8. **Interpretation and Reporting:**

- Interpret the results of the statistical analysis, highlighting significant findings and key insights.
- Provide actionable recommendations for stakeholders based on the analysis findings.
- Present the results visually using tables, charts, and graphs to facilitate understanding and decision-making.

### **4.3 IDENTIFICATION OF KEY PATTERNS AND TRENDS IN REAL ESTATE**

Identifying key patterns and trends in real estate involves analyzing various factors that influence the market dynamics, property values, and investment opportunities. Here are some key patterns and trends to consider:

1. **Market Cycles:** Real estate markets typically experience cyclical patterns of expansion, peak, contraction, and trough. Analyze historical data to identify the current phase of the market cycle in different regions.
2. **Supply and Demand Dynamics:** Monitor trends in housing supply and demand to understand market imbalances. Factors such as population growth, employment trends, and migration patterns influence demand, while new construction, zoning regulations, and land availability affect supply.
3. **Property Prices:** Track changes in property prices over time to identify trends and forecast future movements. Consider factors such as location, property type, neighborhood characteristics, and macroeconomic indicators that influence price dynamics.
4. **Rental Market Trends:** Analyze rental market data, including vacancy rates, rental yields, and rental price growth, to assess the demand for rental properties and rental affordability.
5. **Housing Affordability:** Assess housing affordability trends by analyzing median home prices, household incomes, mortgage rates, and affordability indexes. Identify regions where housing affordability is a growing concern or where affordability is improving.
6. **Urbanization and Demographic Shifts:** Study urbanization trends and demographic shifts, such as aging populations, millennials entering the housing market, and urban-to-suburban migration patterns. These trends impact housing preferences, demand for certain property types, and neighbourhood development.
7. **Technology Adoption:** Monitor the adoption of technology in the real estate industry, including online property listings, virtual tours, digital transactions, and property management platforms. Technological advancements can streamline processes, improve efficiency, and enhance the customer experience.
8. **Environmental, Social, and Governance (ESG) Factors:** Consider the growing importance of ESG factors in real estate investment decisions. Evaluate trends related to sustainable building practices, energy efficiency, green certifications, and socially responsible investing.
9. **Regulatory Changes:** Stay informed about regulatory changes, such as zoning laws, building codes, tax policies, and government incentives for real estate development. Regulatory changes can impact property values, investment returns, and development opportunities.

10. **Global Economic Trends:** Monitor global economic trends, geopolitical events, interest rate movements, inflation rates, and currency fluctuations that may affect real estate markets. Changes in the global economy can influence investor sentiment, capital flows, and cross-border real estate transactions.



## W H I T E   B L A C K L E G A L

### **CHAPTER 5**

### **EFFECTS OF COVID**

#### **5.1 Real estate industry prior to the COVID-19 pandemic**

Before the onset of the COVID-19 pandemic, the real estate sector experienced varying trends and conditions across different regions. Here's an overview of the real estate sector pre-COVID-19:

**Steady Growth:** In the years leading up to the pandemic, many regions around the world, including major markets like the United States, experienced steady growth in the real estate sector. Factors

contributing to this growth included economic expansion, low-interest rates, population growth, and urbanization.

**Urbanization and Suburbanization:** Urbanization trends continued to drive demand for housing in major cities, leading to the development of high-rise buildings, mixed-use developments, and luxury properties. Additionally, suburbanization remained a notable trend, with many individuals and families moving away from city centers to suburban areas in search of more space and affordability.

**Technology Integration:** The integration of technology in the real estate sector was becoming increasingly prevalent. Online platforms for property listings, virtual tours, digital transactions, and property management streamlined processes and enhanced the customer experience.

**Regulatory Environment:** Regulatory frameworks in the real estate sector varied across regions. Governments introduced measures to address issues such as housing affordability, rental market regulations, zoning laws, and environmental standards. In some countries, initiatives like Real Estate Investment Trusts (REITs) provided opportunities for investment diversification.

**International Investment:** Globalization facilitated cross-border real estate investment, with investors seeking opportunities in diverse markets. Major cities with strong economic fundamentals and attractive real estate markets attracted significant international investment, driving competition and price appreciation.

**Commercial Real Estate:** Commercial real estate sectors, including office, retail, industrial, and hospitality, experienced growth in many markets. Demand for office space, particularly in central business districts, remained strong, fueled by the expansion of businesses and the rise of coworking spaces.

**Challenges:** Despite overall growth, the real estate sector faced challenges such as affordability constraints, housing shortages in certain regions, regulatory uncertainties, and geopolitical risks. Additionally, concerns about sustainability, climate change, and social responsibility increasingly influenced investment decisions and development practices.

## **5.2 REAL ESTATE SECTOR DURING COVID-19**

During the COVID-19 pandemic, the real estate sector faced significant disruptions and challenges across the globe. Here's a brief overview of the real estate sector during the pandemic:

**Market Uncertainty:** The onset of the pandemic led to widespread uncertainty in the real estate market.

Lockdown measures, social distancing protocols, and economic slowdowns caused by the pandemic created uncertainty among buyers, sellers, and investors, leading to a decline in transactions and market activity.

**Drop in Home Sales:** Home sales experienced a notable decline as potential buyers hesitated to enter the market due to economic uncertainty, job losses, and concerns about the future. Social distancing measures also impacted traditional home viewing processes, making it difficult for buyers to assess properties in person.

**Impact on Commercial Real Estate:** The commercial real estate sector was particularly affected by the pandemic. Office closures, remote work arrangements, and reduced foot traffic in retail spaces led to a decrease in demand for office, retail, and hospitality properties. Many businesses downsized their office spaces or shifted to remote work models, impacting leasing activity and rental rates.

**Supply Chain Disruptions:** Disruptions in the global supply chain affected construction projects, leading to delays in project timelines and completion. Restrictions on construction activities, shortage of labor, and supply chain bottlenecks disrupted the supply of materials, increasing costs and prolonging project delivery.

**Government Interventions:** Governments around the world introduced various measures to support the real estate sector during the pandemic. These included stimulus packages, mortgage relief programs, eviction moratoriums, and incentives for homebuyers and developers. However, the effectiveness of these measures varied depending on local economic conditions and policy implementation.

**Shift in Consumer Preferences:** The pandemic accelerated existing trends in consumer preferences, such as the demand for larger homes, outdoor spaces, and properties in suburban or rural areas.

Remote work arrangements and lifestyle changes prompted some individuals and families to reconsider their housing needs and priorities.

**Digital Transformation:** The pandemic accelerated the adoption of digital technologies in the real estate sector. Virtual tours, online property listings, digital transactions, and remote contract signings became more common as agents and developers adapted to social distancing measures and consumer preferences for contactless processes.

Overall, the COVID-19 pandemic caused significant disruptions in the real estate sector, affecting both residential and commercial markets. While the full extent of the long-term impact remains uncertain, the sector continues to adapt to the evolving challenges and opportunities presented by the pandemic.



### **5.3 REAL ESTATE SECTOR AFTER COVID-19**

After the COVID-19 pandemic, the real estate sector experienced a period of recovery and adaptation to the new normal. Here's a brief overview of the real estate sector after COVID-19:

**Recovery in Home Sales:** Following the initial slowdown during the pandemic, there was a gradual recovery in home sales as economic conditions stabilized and vaccination efforts progressed. Low-interest rates and pent-up demand contributed to increased activity in the housing market, particularly in suburban and rural areas.

**Resilience of Remote Work:** Remote work became more entrenched in the post-pandemic era, influencing housing preferences and demand patterns. Many individuals and families continued to prioritize home features that accommodate remote work, such as home offices, high-speed internet access, and flexible living spaces.

**Shift in Urban-Rural Dynamics:** The pandemic accelerated the trend of urban dwellers moving to suburban or rural areas in search of more space, affordability, and lifestyle amenities. This shift in urban-rural dynamics led to increased demand for properties in suburban and rural locations, while some urban areas experienced a slowdown in demand.

**Commercial Real Estate Adaptations:** The commercial real estate sector underwent significant adaptations to accommodate changing work patterns and consumer behavior. Office spaces were redesigned to support hybrid work models, with flexible layouts, enhanced ventilation systems, and technology integration to facilitate remote collaboration.

**E-commerce and Logistics Growth:** The growth of e-commerce and logistics sectors continued to drive demand for industrial and warehouse properties. The surge in online shopping during the pandemic increased the need for distribution centers and last-mile delivery facilities, leading to expansion and investment in logistics real estate.

**Digital Transformation:** Digital technologies continued to play a crucial role in the real estate sector, enabling virtual property viewings, online transactions, and remote property management. Real estate agents and developers embraced digital marketing strategies and virtual tools to reach customers and streamline operations.

**Government Policy Response:** Governments implemented various policy measures to support the real estate sector's recovery, including stimulus packages, tax incentives, and infrastructure investments. These measures aimed to stimulate economic growth, boost housing construction, and address housing affordability challenges.

Focus on Sustainability: There was an increased focus on sustainability and resilience in real estate development post-COVID-19. Developers prioritized energy-efficient design, green building practices, and wellness amenities to meet evolving consumer preferences and regulatory requirements.

Overall, the real estate sector adapted to the challenges and opportunities presented by the COVID-19 pandemic, with a renewed focus on flexibility, resilience, and innovation in both residential and commercial markets.

#### **5.4 SHORT TERM EFFECTS OF COVID-19**

The immediate effects of COVID-19 on the real estate industry were notable and diverse, impacting different sectors within the market in varying ways. Below are key highlights outlining the short-term repercussions:

Swift Reduction in Property Transactions: With the enforcement of lockdown measures and the implementation of social distancing protocols to contain the virus's spread, there was an abrupt deceleration in real estate transactions. Both buyers and sellers exhibited hesitancy towards engaging in property dealings due to uncertainties surrounding economic stability, job security, and health-related anxieties.

Interruptions in Construction Operations: Construction activities encountered disruptions stemming from movement restrictions, labor scarcities, and disruptions in supply chains. Many ongoing construction projects experienced temporary suspensions or delays, leading to setbacks in project schedules and completion deadlines.

Downturn in Residential Property Sales: The residential real estate sector observed a downturn in the volume of home sales as potential buyers postponed their acquisition decisions amidst economic unpredictability and restricted mobility. Urban areas particularly witnessed a softening demand for housing, influenced by shifts towards remote work arrangements and alterations in lifestyle preferences.

Impact on Commercial Real Estate: The commercial real estate arena, notably retail and office spaces, confronted challenges as businesses temporarily shuttered or transitioned to remote work setups. Reduced foot traffic in retail zones and decreased demand for office premises resulted in heightened vacancy rates and downward pressure on rental prices.

**Increase in Rental Payment Defaults:** Economic disruptions triggered by the pandemic led to job losses and income instability, causing some tenants to grapple with rent payments. Consequently, there was a surge in rental defaults and arrearages, presenting difficulties for landlords and property owners, particularly in the residential rental sector.

**Shifts in Demand Patterns:** The pandemic precipitated alterations in demand dynamics and heightened interest observed in properties offering enhanced space, privacy, and access to outdoor amenities. Suburban and rural locales experienced heightened demand, driven by urban dwellers seeking refuge from densely populated urban areas and embracing remote work opportunities.

**Government Intervention Measures:** Governments responded to the pandemic's impact on the real estate sector by implementing various relief measures, including stimulus packages, loan moratoriums, and regulatory adjustments. These initiatives aimed to provide support to homeowners, landlords, developers, and other affected stakeholders, alleviating some of the burdens brought about by the crisis.

In sum, the short-term ramifications of COVID-19 on the real estate sector were marked by uncertainty, disruptions, and shifts in market dynamics. While certain segments encountered challenges and setbacks, others found avenues for innovation, adaptation, and resilience amidst the unprecedented circumstances.

## **5.5 LONG TERM EFFECTS OF COVID-19 ON REAL ESTATE**

The enduring ramifications of COVID-19 on the real estate industry are poised to be substantial and multifaceted, molding the sector for the foreseeable future. Here are several potential enduring consequences:

**Work Pattern Shift:** The pandemic's acceleration of remote work trends prompts a reassessment of conventional office arrangements. Numerous firms may opt to continue remote work options post-pandemic, potentially reducing demand for commercial office space in urban hubs.

**E-commerce Surge:** The pandemic-induced surge in online shopping fuels the growth of e-commerce. This trend may elevate demand for industrial real estate, particularly warehouse and distribution centers, to support last-mile delivery logistics.

**Altered Consumer Behavior:** COVID-19 has reshaped consumer preferences towards properties offering more space, privacy, and access to outdoor amenities. Suburban and rural locales could

witness heightened demand as urban residents seek larger, less densely populated homes.

**Financial Impact on Homebuyers:** Economic uncertainty stemming from the pandemic, such as job losses and income instability, could impact the purchasing power of homebuyers. Affordability concerns may temper real estate demand, especially in premium markets.

**Supply Chain Disruptions:** Global supply chain disruptions triggered by the pandemic might affect the availability and cost of construction materials, potentially leading to project delays and heightened construction expenses.

**Government Policy Adjustments:** Governments may introduce new policies and regulations in response to the pandemic, such as incentives for affordable housing development or heightened health and safety standards for commercial properties.

**Investment Opportunities:** Despite challenges, the real estate sector may offer investment prospects in specific asset classes like residential properties in suburban areas, industrial real estate, and technology-driven solutions for property management and virtual viewings.

**Health and Safety Focus:** COVID-19 has raised awareness of health and safety considerations in real estate, driving demand for properties featuring health and wellness-promoting features such as touchless technology, enhanced ventilation systems, and outdoor recreational spaces.

**Commercial Real Estate Impact:** The enduring impact on commercial real estate hinges on the permanence of remote work and the persistence of shifts in consumer behavior. Retail and office spaces may need to adapt to new uses or undergo repurposing to remain viable in a post-pandemic landscape.

Ultimately, the long-term effects of COVID-19 on the real estate sector will be contingent on factors such as the duration and severity of the pandemic, governmental responses, and shifts in societal and economic trends. Adaptability and innovation will be imperative for real estate professionals to navigate the evolving terrain and leverage emerging opportunities.

## **5.6 BENEFITS OF CORONA VIRUS ON REAL ESTATE**

While the COVID-19 pandemic has predominantly posed challenges and disruptions to the real estate sector, it has also brought about some perceived advantages. These include:

**Increased Demand for Suburban and Rural Properties:** The pandemic has spurred a shift in preferences towards properties that offer more space, privacy, and access to outdoor amenities.

Consequently, there has been a rise in demand for suburban and rural properties, distancing individuals and families from densely populated urban areas.

**Acceleration of Remote Work Trends:** The widespread adoption of remote work during the pandemic has prompted a reassessment of the significance of proximity to workplaces. This has led to heightened interest in properties situated in more cost-effective areas, as individuals and families now have the flexibility to work from home more frequently.

**Opportunities for Property Investment:** Despite the overarching economic uncertainty, the real estate market has presented investment opportunities in specific sectors. For instance, there has been an uptick in demand for residential properties featuring home office spaces and outdoor areas, as well as for industrial properties to support e-commerce and logistics.

**Government Stimulus and Support Programs:** Various governments worldwide have rolled out stimulus packages and support initiatives to alleviate the economic repercussions of the pandemic. These measures have encompassed incentives for homebuyers, tax relief for property owners, and financial aid for developers, bolstering the real estate market in certain regions.

**Technology Adoption and Innovation:** The pandemic has accelerated the adoption of technology and digital tools within the real estate industry. Virtual tours, online listings, and remote property viewings have become increasingly prevalent during lockdowns, leading to enhanced efficiency and convenience for buyers, sellers, and agents.

**Flexible Work Arrangements:** The transition to remote work has facilitated greater flexibility in work arrangements, enabling individuals and families to contemplate relocating to areas with lower living costs or superior quality of life. This has broadened the pool of potential homebuyers and renters beyond traditional urban centers.

**Lower Interest Rates:** In response to the pandemic's economic impact, central banks have reduced interest rates to stimulate borrowing and spending. Lower mortgage rates have rendered homeownership more accessible for some buyers and encouraged refinancing, thereby boosting real estate activity in select markets.

While these benefits may present opportunities for specific segments of the real estate market, it's essential to acknowledge that the overall impact of COVID-19 on the sector has predominantly been negative, marked by disruptions to construction, sales, and rental markets, along with uncertainties regarding future economic conditions.

## **5.7 FOREIGN DIRECT INVESTMENT**

Foreign Direct Investment (FDI) in the construction and real estate development sector, encompassing townships, housing, and built-up infrastructure, has constituted a mere 6% of total inflows from April 2000 to December 2019. Comparing the inflows between April to December 2017 and the corresponding period in 2019 reveals a 7% decline in investments in 2019 compared to 2017, indicating a slowdown in FDI. Given the uncertainties surrounding COVID-19, it is anticipated that the upcoming quarter of the current year may witness a further decrease in FDI inflows into the sector.

The Indian real estate sector is confronted with the challenge of navigating through the current situation imposed by the novel coronavirus with resilience. Despite enduring numerous challenges in the past, the sector has demonstrated its ability to withstand turbulence. While the ongoing testing period may inflict harm on the sector, it also presents an opportunity for strengthening in the years ahead.

India's improved ranking on the Ease of Doing Business index and the implementation of reforms such as Demonetization (DeMo), Real Estate (Regulation and Development) Act (RERA), and the Insolvency and Bankruptcy Code (IBC) warrant acknowledgment. These reforms are anticipated to yield favorable outcomes in the future and contribute to establishing Indian real estate as a preferred destination for global investors, occupiers, and homebuyers.

However, a significant proportion of workers in the sector are migrant laborers, and labor shortage could emerge as a notable challenge post the current COVID-19 lockdown. Many migrant workers attempting to return to their hometowns were detained by authorities and quarantined at state borders. While some may opt to return to their villages, others may eventually resume work at project sites. Consequently, construction activities are likely to experience delays, with developers and contractors grappling with labor shortages and a more acute liquidity crisis.

Prior to the COVID-19 pandemic, the Indian residential sector was contending with delayed project deliveries, liquidity constraints for developers, high unsold inventory, and a growing number of stalled projects. The liquidity crunch had also resulted in substantial job losses in the past, with approximately 300,000 workers estimated to have been laid off as developers struggled to settle their dues. The current pandemic has exacerbated the situation, rendering it increasingly challenging to sustain employment levels. It is expected that employment levels will be significantly impacted in the short-to-medium term.



Additionally, the retail sector, another major source of employment, has been severely affected by the pandemic. With malls and non-essential businesses shut down until the situation is under control, a reduction in manpower of 10% to 20% is expected, particularly affecting those employed in housekeeping, merchandising, and facility maintenance roles.

Before the onset of the COVID-19 pandemic, the Indian real estate sector experienced a consistent rise in Foreign Direct Investment (FDI). This uptrend was propelled by various factors such as favorable government policies, the promising growth potential of the market, and increasing interest from investors. The Indian government had enacted several reforms aimed at attracting foreign investment into the real estate sector, including the relaxation of FDI regulations and the introduction of Real Estate Investment Trusts (REITs). These measures were designed to create a more transparent and investor-friendly environment, thereby encouraging foreign investors to engage in the Indian real estate market.

However, the emergence of the COVID-19 pandemic in 2020 brought about significant disruptions to economies worldwide, including the real estate sector in India. The pandemic led to widespread uncertainties, economic downturns, and imposed restrictions on movement and construction activities, which in turn impacted investor confidence and resulted in a slowdown in FDI inflows into the Indian real estate market. During the initial phases of the pandemic, there was a noticeable decline in FDI inflows as investors adopted a cautious approach, prioritizing the protection of their existing investments over making new ones. The uncertainties surrounding the duration and severity of the pandemic, coupled with concerns about economic recovery, contributed to a decrease in real estate transactions and investment activities.

However, as the situation gradually stabilized and governments around the world implemented stimulus measures to rejuvenate economic growth, investor confidence began to rebound. With the easing of lockdown restrictions and the gradual resumption of economic activities, FDI inflows into the Indian real estate sector started to show signs of recovery.

Moreover, the long-term growth prospects of the Indian real estate market, combined with ongoing government reforms and infrastructure development initiatives, continued to attract foreign investors. Policies such as the Real Estate (Regulation and Development) Act (RERA) and the Goods and Services Tax (GST) were implemented to enhance transparency, accountability, and efficiency within

the real estate sector, further bolstering investor confidence, while the COVID-19 pandemic initially led to a slowdown in FDI inflows into the Indian real estate sector, the gradual economic recovery and sustained implementation of investor-friendly policies are expected to reignite interest and investment activity in the sector over the long term.

## **CHAPTER 6**

### **CONCLUSION**

In conclusion, the real estate sector has faced unprecedented challenges due to the COVID-19 pandemic, particularly in terms of home sales and supply dynamics. The decrease in home sales amid limited supply has underscored the vital importance of regulatory frameworks such as the Real Estate (Regulation and Development) Act (RERA) in managing crises of this nature.

This critical analysis has revealed the profound impact of the COVID-19 pandemic on the real estate market, resulting in a decline in home sales caused by various factors including economic uncertainties, mobility restrictions, and shifts in consumer behaviour. This decrease in sales has been exacerbated by a shortage of new housing units, as construction activities were disrupted and developers encountered financing difficulties.

In this context, RERA has emerged as a crucial tool in addressing some of the challenges faced by the real estate sector during the pandemic. By emphasizing transparency, accountability, and consumer protection, RERA has established a regulatory framework that promotes fair practices and maintains investor confidence during times of crisis. Mandatory project registration, disclosure of project details, and adherence to timelines have fostered trust among homebuyers and alleviated some of the uncertainties surrounding property transactions.

However, it is important to acknowledge that while RERA has played a significant role in regulating the real estate market, it has not been immune to the challenges posed by the COVID-19 pandemic. Delays in project completion, disruptions in construction activities, and financial constraints faced by developers have challenged RERA's effectiveness in ensuring timely project delivery and safeguarding the interests of homebuyers.

Looking ahead, it is essential for stakeholders in the real estate sector to collaborate and adapt to the changing landscape. Governments, regulators, developers, and homebuyers must work together to address the challenges posed by the pandemic and utilize regulatory frameworks like RERA to promote stability and resilience in the real estate market. Continuous monitoring and evaluation of RERA's implementation will be crucial to identify areas for improvement and ensure its effectiveness in addressing market challenges in the post-pandemic era.

During the COVID-19 pandemic, the real estate sector in India witnessed a downturn in sales, with total home sales across seven cities plummeting to 1.38 lakh units in 2020 compared to 2.61 lakh units in 2019. The pandemic instigated notable transformations, including the enforcement of the Real Estate (Regulation and Development) Act (RERA) in 2016, aimed at enhancing the operational efficiency of the real estate realm. However, the pandemic and the updated RERA guidelines significantly impacted the sector, resulting in a decrease in project registrations and a 28% reduction in overall investment in these projects. Despite these hurdles, the sector has displayed signs of recuperation, with housing prices stabilizing and unsold inventories dwindling due to heightened demand.

Government measures in response to the pandemic, such as lowered interest rates and reduced stamp duties on real estate transactions, have also played a role in facilitating the sector's post-pandemic recovery. Projections suggest that the Indian real estate sector is poised to sustain its growth trajectory, with estimations indicating that it will achieve a market size of \$1 trillion by 2030 and contribute 18-20 percent to India's GDP by that time.

In summary, while the decline in home sales amid limited supply during the COVID-19 pandemic has presented significant challenges to the real estate sector, the role of RERA remains pivotal in navigating through these turbulent times and laying the groundwork for a more resilient and sustainable real estate market in the future.

### **FUTURE TRENDS**

The trajectory of the real estate market in the future will be shaped by various factors, encompassing economic conditions, technological progressions, demographic transitions, and regulatory alterations. Here are several upcoming trends poised to influence the real estate landscape:

**Integration of Technology:** The real estate sector will continue to undergo transformation through the adoption of technological innovations. Tools like artificial intelligence (AI), virtual reality (VR), and big data analytics will be increasingly utilized for tasks such as property valuation, marketing strategies, and enhancing customer engagement. Smart home functionalities and Internet of Things (IOT) devices are expected to become standard features in new developments.

**Emphasis on Sustainability and Green Building:** Environmental sustainability will emerge as a significant focal point in forthcoming real estate ventures. Practices promoting green building, including energy-efficient designs, utilization of renewable energy sources, and eco-friendly construction materials, will gain traction to reduce environmental footprints and operational costs. Certifications such as LEED and BREEAM for green buildings will become more sought after.

**Rise of Flexible Workspaces:** The proliferation of remote work and flexible work arrangements will reshape the demand for office spaces. Businesses will prioritize adaptable work environments that support collaboration and remote work tools. Co-working spaces and serviced offices will witness continued popularity.

**Urbanization and Mixed-Use Developments:** Urbanization trends will persist, fueling the demand for mixed-use developments integrating residential, commercial, retail, and recreational spaces in walkable neighborhoods. Such developments offer convenience, accessibility, and a dynamic lifestyle catering to diverse preferences.

**E-commerce and Logistics Growth:** The expansion of e-commerce will drive demand for logistics and distribution centers near urban areas. Facilities facilitating last-mile delivery and fulfillment centers will become integral components of the real estate market, driving investments in industrial and warehouse properties.

**Demographic Shifts:** Changing demographics, including aging populations and millennials entering the housing market, will shape future real estate dynamics. Demand for senior living facilities, multifamily housing, and affordable housing options tailored to millennial preferences will surge.

**Emergence of Secondary and Tertiary Markets:** With primary markets becoming increasingly saturated and expensive, investors and homebuyers will explore opportunities in secondary and tertiary markets. These markets offer affordability, higher yield potentials, and untapped growth prospects.

**Impact of Regulatory Reforms:** Regulatory changes and governmental policies will exert influence on the real estate market. Reforms aimed at enhancing transparency, consumer protection, and ease of conducting business, such as RERA in India, will impact market dynamics and investor confidence.

Emphasis on Resilience and Adaptability: The COVID-19 pandemic has underscored the importance of resilience and adaptability in the real estate sector. Future developments will prioritize health and safety measures, crisis management strategies, and flexible design solutions to mitigate risks and uncertainties. Properties in vulnerable areas may face heightened risks, prompting investors to consider climate resilience and adaptation measures in their decision-making processes.

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