



# Is an MBA in Real Estate worth it?



The real estate sector is one of the most globally recognized sectors. The growth of this sector is well

complemented by the corporate environment growth along with the demand for office space and urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect, and induced effects in all sectors of the economy. Indian real estate sector is the second-highest employment generator, following the agriculture sector. It is expected that the real estate sector will incur more non-residential Indian (NRI) investment, both in the short and long term.

It is also estimated that by 2040, the real estate market will grow to Rs 65,000 crore from Rs 12,000 crore in 2019. Moreover, the Indian real estate sector is expected to reach US\$ 1 trillion in market size by 2030, up from us\$ 200 billion in 2021 and contribute 13% to the nation's GDP by 2025.

The real sector of India witnessed over 1,700 acres of land deals in the top 7 cities in a year. Foreign investments in commercial real estate were at US\$ 10.3 billion from 2017-21.

According to the ICRA estimates, Indian firms are expected to raise over Rs 3.5 trillion through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.

Furthermore, as per Savills India, real estate demand for data centres is expected to grow by 15-18 million sq. ft. by 2025.

In 2020, the manufacturing industry accented for 24% of office space leasing at 5.7 million sq. ft. SMEs and electronic component manufacturers leased the most between Pune, Chennai, and Delhi NCR, followed by auto sector leasing in Chennai, Ahmedabad and Pune.

India's gross leasing volume in the top 8 cities stood at 16.2. This was 12.4% quarter to quarter growth in 2021. India's net absorption of the office market stood at 11.56 million sq. ft. in quarter four of 2021. This was an 86% rise in QoQ.

As per the Economic Times Housing Finance Summit, about 3 houses are built per 1,000 people per year compared with the required construction rate of five houses per 1,000 population. The current housing shortage in urban areas is estimated to be approximately 10 million units. An additional 25 million units of affordable housing are required by 2030 to meet the growth in the country's urban population.

### **Investments in Real Estate Sector**

The Indian real estate sector has witnessed high growth in recent times with growing demand for office as well as residential spaces. According to Colliers India, a property consultant, institutional investments in the Indian real estate sector are expected to grow by 4% to reach Rs 36,5000 crores in 2021, driven by rising investors' interest in capturing attractive valuations amid the pandemic.

As per the recent report by Colliers India, private equity investments in Indian real estate reached US\$ 2.9 billion in the first half of 2021, which was approximately a 2% increase from the first half of 2020.

Private equity investment inflows into the Indian real estate stood at US\$ 3.3 billion between January 2021 and September 2021.

Home sales volume across seven major cities in India surged 113% YoY to reach approx. 62,800 units in the third quarter of 2021, from 29,520 units in the same period last year, significantly health recovery post the strict lockdown imposed in the second quarter due to the pandemic. And so on.

### **Government Initiatives**

The government of India along with the respective states' governments has taken several initiatives to encourage development in the real estate sector. The smart city project, with a plan to build 100 smart cities, is a prime opportunity for companies.

In October 2021, the RBI announced to keep the benchmark interest rate unchanged at 4%, giving a major boost to the sector in the country. The low home loan interest rates regimes are expected to drive the housing demand and increase sales by 35-40% in the festive season in 2021.

Under Union Budget 2021-22, tax deductions up to Rs 1,5 lakh on interest on housing loans, and tax holidays for affordable housing projects have been extended until the end of fiscal 2021-22.

The Atmanirbhar Bharat 3.0 package announced by the finance minister in November 2020 included income tax and relied on measures for real estate developers and homebuyers for the primary purchase/sale of residential units of value from November 12, 2020, to June 30, 2021.

To revive over 1,600 stalled housing projects across top cities of the nation, the Union Cabinet has approved the setting up of a Rs 25, 000 crore alternative investment Fund (AIF).

Furthermore, Government has created an Affordable Housing Fund (AHF) in the National Housing Bank (NHB) with an initial corpus of R 10, 000 crores using priority sector lending shortfall of banks/financial institutions for micro financing of the HFCs.

### **The Road Ahead**

The residential sector is expected to grow significantly, with the central government aiming to build 20 million affordable homes in urban areas across the nation by 2022, under the ambitious Pradhan Mantri Awas Yojana (PMAY) schemes of the Union Ministry of Housing and Urban Affairs. Expected growth in the number of housing units in urban areas will increase the demand for commercial and retail office space.

The current housing shortage in urban areas is estimated to be approximately 10 million units. An addition of 25 million units of affordable housing is required by 2030 to meet the growth in the country's urban population.

The increasing flow of FDI in the real estate sector is encouraging increased transparency. Indian real estate is expected to attract a substantial amount of FDI in the next two years with a US\$ 8 billion capital infusion by FY22.

So, you see there are a lot of career opportunities for the students entering the sector today. To become a leader in the industry, you require a set of skills and qualities. Industry demands techno managers to shape the industry.

To have a high-paying career in real estate, you need a specialized programme to cater to the industry's issues.

### **MBA in Real Estate & Urban Infrastructure at RICS SBE, Amity University**

MBA in REUI is a great way to learn more about the real estate market and how real estate can function as a type of investment. Not a lot of colleges offer a concentration in real estate for MBA students, but RICS SBE offers specialized dual accredited (RICS & PMI-GAC) degrees.

The specialized programme lets you gain a better understanding of real estate and help you grow holistically. Individuals are transformed into techno-managers with in-depth knowledge of the subject along with leadership qualities to lead the team successfully.

RICS SBE students get the opportunity of building a professional network. They gain access to professional networking opportunities. The specialized programme is an amalgamation of theoretical and experience-based learning. This helps develop the practical skills that will make you more appealing to employers later.

Moreover, you will have a whole new look at investments. You will learn how to weigh the pros and cons of each piece of property and how to make investments on behalf of your clients. And last but not the least, it goes without saying your earning potential will grow manifolds. A report in Forbes found that the average salaries among MBA holders will increase by \$45,000 in the coming years. Choosing a specialized MBA in real estate programmes can prepare you for working in financial institutions, real estate firms and even for yourself.