

Union Budget 2026: Capital Expenditure Push Strengthens Infrastructure and Real Estate Growth

February 2, 2026



Finance Minister Nirmala Sitharaman presented the Union Budget 2026–27 in Parliament on Sunday, announcing a nearly 9% increase in capital expenditure for the upcoming financial year. The allocation has been raised to ₹12.2 lakh crore, reaffirming the government's

commitment to sustaining infrastructure momentum and supporting overall economic growth. The enhanced outlay is aimed at ensuring continuity of large-scale infrastructure projects while stimulating investment and employment across allied sectors.

The Budget sends a strong and positive signal to India's real estate sector, highlighting infrastructure-led development as a key driver of economic expansion, particularly in Tier 1 and Tier 2 cities. By reinforcing public investment in transportation, urban infrastructure, and connectivity, the government has laid the groundwork for sustained demand across residential, commercial, and mixed-use development. Improved infrastructure is expected to enhance urban livability while unlocking new growth corridors for real estate activity.

A significant structural reform introduced in the Budget is the proposed Infrastructure Risk Guarantee Fund, designed to provide collateral credit support during the high-risk phases of infrastructure and construction projects. This initiative is expected to boost lender confidence, ease long-term financing challenges, and catalyse increased private sector participation in large-scale developments. Complementing this is the renewed emphasis on asset monetisation, particularly through structured unlocking of underutilised CPSE land assets, which will infuse fresh capital into the system and strengthen the commercial real estate ecosystem.

The Budget also underscores balanced urban development by prioritising emerging cities beyond traditional metropolitan centres. Investments in road networks, urban infrastructure, and streamlined land-use frameworks in fast-growing cities are likely to improve connectivity, enhance quality of life, and open up new real estate opportunities. While effective execution will remain critical, the overall direction clearly points towards a more stable and confidence-driven environment for developers, investors, and homebuyers, with infrastructure and affordable housing continuing to anchor long-term sectoral growth.

Mr. Pradeep Aggarwal, Founder & Chairman, Signature Global (India) Ltd. says on Union Budget 2026-27, "The Union Budget provides a strong and credible roadmap for India's next phase of growth, led by a sharp focus on infrastructure, urban development, and financial reforms. The government's decision to raise public capital expenditure to ₹12.2 lakh crore in FY27, a 9% increase over FY26, will play a critical role in accelerating project execution and crowding in private investment.

The creation of the Infrastructure Risk Guarantee Fund, along with the rollout of seven high-speed rail corridors and the operationalisation of 20 new national waterways over the next five years, will significantly enhance connectivity, reduce logistics costs, and improve the overall efficiency of the real estate and infrastructure ecosystem.

Urban development receives a sustained boost with an allocation of ₹5,000 crore per year for five years for City Economic Regions, alongside a continued focus on Tier-2 and Tier-3 cities as emerging growth centres. These measures will enable planned urbanisation, support civic infrastructure, and unlock housing demand across new geographies.

Further, accelerated recycling of CPSE real estate assets through dedicated REITs and continued emphasis on InvITs will deepen capital markets, improve liquidity, and strengthen investor confidence across the sector.

On the consumption side, income tax reforms—including no tax liability up to ₹12 lakh under the new tax regime, rationalised TDS and TCS rates, and reduced TCS on overseas tour packages to 2%—will enhance disposable incomes and ease compliance, providing impetus to consumer spending.

yet meaningful support to housing demand.

Overall, the Budget aligns strongly with the long-term vision of Viksit Bharat by 2047 and lays the foundation for sustainable, inclusive and future-ready economic growth.”

Mr. Sheeshram Yadav, Managing Director, Yugen Infra says, Budget 2026 is a big positive signal for the future growth story of India. The emphasis on public capital expenditure, from ₹2 lakh crore in 2014-15 to a target of ₹12.2 lakh crore in FY 2026-27, is a clear indication of the government’s commitment to keeping infrastructure development at the forefront of economic planning. The introduction of the Infrastructure Risk Guarantee Fund is a very encouraging move, as it has been a long-standing issue related to risk in the development and construction stages. Equally important is the emphasis on monetizing assets through specific REITs for CPSE real estate which will facilitate better recycling of capital. The specific attention given to Tier-2 and Tier-3 cities, temple towns, and City Economic Regions reflects a well-balanced approach to urban development, which will generate new engines of economic activity in non-metro cities. In gist, Budget 2026 provides a practical and future-proof foundation for sustainable infrastructure development, urbanization and PPP.

Mr. Ajay Chaudhary, Founder, Chairman and Managing Director, ACE Group, says “The Budget’s continued emphasis on infrastructure and urban development is a positive signal for well-planned real estate projects. With cities clearly being positioned as engines of growth, sustained investment in urban infrastructure, along with provisions focused on enhanced connectivity and large-scale projects such as the announcement of seven new high-speed rail corridors, the push for modern infrastructure development across tier-I and tier-III cities, and a broader ₹10,000 crore growth-oriented funding framework supporting enterprise and urban activity, will play a key role in shaping premium housing demand.”

Mr. Vijay Jain, Director, Star Estate, says “The Budget sends a steady signal for the real estate market, particularly through its continued focus on infrastructure. From a homebuyer’s perspective, measures such as allowing the annual value of two self-occupied homes to be treated as nil and raising the TDS threshold on rental income to ₹6 lakh help improve household balance sheets and ease friction in the housing ecosystem. Along with new connectivity corridors and growing focus on tier-II and tier-III cities, these steps support long-term confidence across residential and commercial markets, where buyers are increasingly guided by location quality and long-term value.”

E Lakshminarayana Reddy, Founder & CEO, EARA Group, says, “Union Budget 2026–27 reflects a clear transition from expansion-driven growth to quality-led urban development. The emphasis on infrastructure creation, asset monetisation and regional economic strengthening will steadily unlock new real estate corridors and deepen investor confidence. While the budget does not push immediate demand-side incentives, it creates a stable and forward-looking framework for sustainable development. The growing policy focus on efficient cities, cleaner infrastructure and long-term capital formation aligns well with the evolving luxury segment, where buyers increasingly value sustainability, wellness and future-ready living over mere scale. For responsible developers, this budget sets the foundation for resilient and high-quality growth.”

Mr. Vikas Bhasin, Managing Director, Saya Group, says The Union Budget 2026 proposals are, to a large extent, in line with expectations, particularly the government's continued focus on sustained investment in infrastructure that truly connects people and regions. By strengthening physical and urban infrastructure, the Budget aims to make cities more liveable, efficient, and accessible for citizens across income segments.

The emphasis on Dedicated Freight Corridors, port-led development, and infrastructure expansion in Tier II and Tier III cities is expected to provide a significant boost to the housing sector. These measures will not only support real estate development in emerging urban centres but are also likely to have a positive spillover effect on overall housing demand and price stability in metro markets.

While property prices in Tier I cities are expected to remain largely range-bound, improved connectivity and infrastructure development will encourage residential growth in suburbs and satellite towns. This will enable homebuyers to access more affordable housing options slightly farther from central business districts, without compromising on connectivity to workplaces and major urban hubs.

Mr. Ashok Kapur, Chairman, Krishna Group and Krisumi Corporation, says, The Union Budget 2026–27 reinforces the government's long-term commitment to infrastructure-led growth, which remains a critical enabler for the real estate sector. The emphasis on infrastructure, risk mitigation, and structured city growth aligns well with our long-term approach to creating high-quality developments that contribute meaningfully to India's evolving urban landscape.

Creation of the Infrastructure Risk Guarantee Fund will enhance lender confidence in the infrastructure sector, which is expected to encourage greater private sector participation in large-scale projects. This bodes well for the real estate sector as real estate demand is closely linked to robust infrastructure and better connectivity.

Moreover, the move to accelerate monetisation of CPSE-owned real estate assets through dedicated REITs while at one hand may strengthen the institutional framework for asset recycling, on the other it may also provide much desired capital efficiency in the sector. Overall, this seems to be a neutral budget from the real estate sector perspective.

Rishi Anand, MD & CEO, Aadhar Housing Finance Limited, says, "The Budget reinforces confidence in India's financial ecosystem, signals continued support for inclusive and sustainable growth. With clear targets for credit expansion, technology adoption, and reforms in Banking and NBFCs, there is a clear direction to scale responsibly. The emphasis on infrastructure development in Tier II and III cities will act as a catalyst towards creating opportunities for the underserved and unserved communities in these markets, meet the growing urbanization needs and create meaningful impact for communities across India. This will further strengthen the housing for all mission and spur demand for affordable housing."

Lalit Parihar, Managing Director, Aaiji Group, a Dholera-based real estate firm, Says, "The Budget's strong thrust on infrastructure development through industrial corridors, manufacturing hubs, high-speed rail and dedicated freight corridors creates a powerful foundation for long-term real estate demand. The proposed ₹5,000 crore allocation per City Economic Region over five years in Tier II and III cities, including temple towns, is a significant catalyst for planned urban expansion. These measures will directly translate into improved connectivity and infrastructure, which will drive housing demand and price stability in metro markets."

stronger employment clusters and greater investor confidence, driving sustained growth across residential, commercial, retail and log segments. Collectively, these initiatives will help transform emerging cities into viable economic centres and position real estate as a enabler of India's broader economic development."

Adhil Shetty, CEO, BankBazaar, Says, Union Budget 2026–27 strengthens the foundations of India's formal credit and financial sy through targeted, data-backed measures. The proposed ₹10,000 crore SME Growth Fund is a key intervention. It addresses the long-standing equity and growth capital gap faced by scaling MSMEs, which employ over 11 crore people and contribute nearly 30 perce India's GDP. Better access to patient capital can help viable enterprises move from survival mode to sustainable expansion.

The continued focus on strengthening the TReDS and invoice discounting framework directly tackles MSME liquidity stress. Faster receivables financing improves cash flows, reduces dependence on informal borrowing, and lowers working capital costs. This is cri for small businesses operating on thin margins. Within banking and NBFCs, the proposal to constitute a high-level committee on bai for Viksit Bharat signals a comprehensive review of the sector. The focus on financial stability, inclusion, consumer protection, and technology adoption is timely. The government's clearer articulation of the role of NBFCs, including defined credit targets and technology-led efficiency, reinforces their importance in last-mile credit delivery. For households, the reduction in TCS under the Liberalised Remittance Scheme to 2 percent from 5 percent for foreign travel, education, and medical expenses will ease upfront cas pressure. It improves affordability for overseas education and healthcare while reducing short-term liquidity strain. Overall, Budget : 27 takes a measured approach. By combining capital support, digital and AI-led infrastructure, and regulatory reform, it aims to deep formal credit penetration, improve liquidity, and strengthen trust across India's financial system."

Ashish Narain Agarwal, Founder & MD of PropertyPistol, says, Union Budget 2026 reinforces real estate as a core investment pill The simplification of NRI property sale transactions is a structural reform that improves liquidity and accelerates cross-border capita inflows. A dedicated ₹5,000-crore push for Tier-2 and Tier-3 cities, supported by the newly introduced Risk Guarantee Fund, materi reduces execution risk and enhances investor confidence. With infrastructure capital expenditure rising to ₹12.2 lakh crore, city-ecor regions are set to expand beyond metros, driving housing demand through improved connectivity, employment, and urban infrastruc For real estate investors, this Budget shifts the narrative from speculative growth to policy-backed, data-driven returns. Emerging cit now offer a compelling mix of affordability, infrastructure momentum, and long-term appreciation making this the right cycle to inv with conviction.

Akshay Taneja, CEO, TDI Infrastructure, says, Metro cities are witnessing saturation, with residential prices rising 25–30% over tl three years, alongside land scarcity, stretched infrastructure and longer approval cycles. In contrast, Tier-2 and Tier-3 cities now acc for 44% of residential land acquisitions and are driving demand beyond metros. Housing sales across 60 cities crossed 6.8 lakh units 2024, up 23% YoY, reflecting stronger affordability and connectivity. Digitalisation incentives and sustained infra spending will be c for enabling safe, smart and scalable urban ecosystems across emerging city economic regions. Increase in infrastructure capex from lakh crore to ₹12.2 lakh crore for FY27, combined with ₹500 crore in government support and the Infrastructure Risk Guarantee Fur

will materially improve project viability and private capital participation. However, it lays out a decisive blueprint for India's next phase of urban growth.

Sunil Pandita, CDO, Nemetschek Group, says, Budget 2026–27 sends a strong and timely signal towards building future-ready infrastructure for India. The government's continued focus on public capital expenditure of ₹12.2 lakh crore, development of Tier 2 and Tier 3 cities, expansion of dedicated freight corridors, inland waterways, and creation of a robust infrastructure risk guarantee framework will significantly strengthen India's infrastructure backbone.

Equally encouraging is the emphasis on emerging technologies, particularly artificial intelligence, with large-scale capacity-building initiatives and national technology missions. As infrastructure networks expand in scale and complexity, digital engineering, AI-driven design, geospatial intelligence, and predictive modeling will be critical to enhancing safety, quality, resilience, and lifecycle performance of assets across highways, waterways, urban infrastructure, and logistics corridors. We see this Budget as an opportunity to accelerate adoption of open, interoperable digital technologies across the construction and infrastructure ecosystem. By embedding digital-first design, planning, execution, and maintenance practices, India can deliver infrastructure that is not only faster and more cost-efficient but also sustainable and resilient for decades to come. We look forward to supporting India's infrastructure vision through technology-led innovation and global best practices.

Vishal Raheja, Founder & MD, InvestoXpert Advisors, says, Union Budget 2026–27 articulates a more integrated real estate vision where metro markets continue to anchor institutional stability while temple towns and pilgrimage corridors evolve as structured growth extensions. By scaling public capital expenditure to ₹12.2 lakh crore, the government is reinforcing infrastructure intensity across established cities and culturally significant destinations alike. Improved connectivity around temple towns will enable a transition from fragmented, seasonal development to planned hospitality districts, mixed-use assets, and organised residential catchments, while metro areas benefit from deeper liquidity through CPSE asset monetisation via dedicated REITs. The introduction of the Infrastructure Risk Guarantee Fund reflects a mature policy approach that recognises execution risk as a core constraint to quality development. Together, these measures position real estate as a long-term enabler of economic continuity, urban depth, and sustainable value creation across markets.

Saransh Trehan, Managing Director, Trehan Group, says, Union Budget 2026 lays down a strong foundation for India's real estate sector by significantly increasing infrastructure investment, with capital expenditure raised to ₹12.2 lakh crore for FY27, the highest in history, which will drive connectivity and economic activity across urban and emerging markets. The emphasis on fast-tracking REIT-led asset recycling and support for Tier-2 and Tier-3 cities signals meaningful policy support to improve liquidity and investor confidence. Together with enhanced affordability measures and financing options, this Budget can catalyse demand and help the real estate industry sustainably contribute to job creation, urbanisation, and inclusive growth.

Sunil Sisodiya, Founder & CEO, Newworld Developers, says, Budget 2026 is a major boost for India's holiday home and tourism-linked real estate sector. With ₹12.2 lakh crore allocated to infrastructure, including high-speed rail, waterways, and eco-tourism corridors, improved connectivity to key leisure destinations will improve significantly. In Goa, a prime leisure and lifestyle destination, these initiatives are expected to enhance demand for holiday homes and resorts. Programs such as the National Institute of Hospitality, B12 hospitality corridor, and the

tourism courses with IIM collaboration, and the National Destination Digital Knowledge Grid will upskill over 10,000 professionals integrating digital tools into hospitality education. Coupled with focus on India's cultural, spiritual, and heritage sites, these measure strengthen demand for lifestyle-driven real estate and reinforce India's leadership in tourism and hospitality.

Mr Badal Yagnik, CEO & Managing Director at Colliers India, says, The budget has taken a measured approach to balance India's long-term growth ambition and inclusivity across regions & economic segments as well. The overarching growth theme is evident in form of focus on manufacturing scale up in strategic sectors, rejuvenation of legacy industrial sectors, creation of champion MSMEs infrastructure push, long-term energy security & stability and development of city economic regions. Indian real estate particularly is set to benefit from the targeted emphasis on manufacturing capability enhancement and infrastructure augmentation in the form of Dedicated Freight Corridors, high speed rail corridors, nationalization of inland waterways, development of urban clusters etc.

Driven by the budgetary focus, we expect traction in real estate requirement from textile, healthcare, semi-conductor & rare earth segments and firms within the Animation, Visual Effects, Gaming, and Comics (AVGC) and Artificial Intelligence (AI) domain. Interestingly, the proposed tax holiday for foreign cloud service providers will significantly accelerate data centre growth by attracting global hyperscalers and deepen long term investment in the segment, positioning India as a preferred hub for digital infrastructure and cloud based services economy. Furthermore, there is a clear focus on identifying and leveraging the growth drivers of Tier II & III cities including temple towns. Meanwhile, the pertinent focus on tourism, training, skill development, creation of infrastructure will have a positive domino effect on the real estate sector in the areas of hotels, guest houses, second homes and primary housing as well. Overall, the budget has emphasized strengthening competitiveness and augmenting manufacturing capabilities by integrating into the global value chain. In India looks poised to move beyond capacity creation into capability building, which is likely to form the blueprint of sustained long-term growth, especially in these times of global uncertainties.

Although direct real estate announcements were limited in the budget, the focus on manufacturing and urban development is likely to accelerate growth across asset classes such as industrial & warehousing, data centers, retail, hospitality and to an extent office market as well. Specifically, the proposed tax holiday up to 2047 for foreign cloud service providers will help in attracting global hyperscalers to deepen long-term investment in the data center segment. Impetus in the form of Semiconductor Mission 2.0, Electronics Component Manufacturing Scheme and Rare Earth Corridor can provide a long-term boost to the EV industry and hence boost long-term warehousing requirements. Similarly, the focus on pharmaceuticals through the allocation of INR 10,000 crore fund can amplify the demand for specific office space requirements in life science hubs of the country.

Urban development and real estate growth is set to accelerate in Tier II & III cities, driven by the INR 5,000 crore funding per City Economic Regions (CER) over a period of next five years. Initiatives aimed at tourism and skill development have the potential to drive consumption, enhance employment opportunities and spur real estate demand in untapped and emerging markets. Furthermore, recycling of real estate assets of public sector enterprises through setting up of dedicated REITs can deepen the REIT market participation and enhance yield of investor portfolios.

Mr. Raghunath Bhattagiri, Founder and MD, Triguna Projects, says, “The Union Budget 2026 reinforces a long-term infrastructure approach, providing the stability and connectivity needed for sustained property value appreciation across India. For the urban buyer, record capital expenditure and focus on digital land records create a more transparent and secure environment for long-term investment.

The budget’s focus on high-value agriculture (like Sandalwood and Cocoa) and AI-driven farm management officially transforms farmland into a productive, wealth-generating asset. This shift ensures that agricultural land is no longer just a legacy holding, but a modern, high-yield investment choice.”

Mr Tanuj Shori, Founder and CEO, Square Yards, says, “The Budget’s continued focus on capital market deepening and asset recycling, including monetisation of public sector real estate through REIT structures, reinforces the role of REITs and InvITs as mainstream investment vehicles. We are likely to see a steady rise in new REIT and InvIT listings over the medium term, covering office assets, retail centres, logistics parks, data centres and infrastructure portfolios. For retail investors, this expands access to high-quality, income-generating real assets that were earlier largely available only to institutions. They offer the dual benefit of regular yield visibility and participation in long-term asset appreciation, while providing liquidity through listed markets. Over time, these investment engines in the market will also improve transparency, valuation discipline and governance across the real estate ecosystem, strengthening overall investor confidence.”

Mr Shrinivas Rao, FRICS, CEO, Vestian, says, “The Union Budget 2026 outlines a clear roadmap towards achieving Viksit Bharat 2047, with a strong emphasis on accelerating the digital economy, upskilling the future workforce, strengthening infrastructure, promoting tier-2 and tier-3 cities, and reforms to ease financing from foreign investors. The budget aims to strengthen the growth ecosystem of the real estate sector by enhancing connectivity between emerging and established urban centers and by promoting the development of economic regions. These measures are expected to attract GCCs to tier-2 and tier-3 cities, enabling them to leverage cost efficiencies and long-term growth opportunities. Additionally, the data centre industry is poised for heightened traction following the announcement of a tax holiday till 2047. The budget also charts a clear growth trajectory for the hospitality sector through focused initiatives aimed at boosting tourism.”

Mr Amit Goyal, Managing Director, India Sotheby’s International Realty, says The Union Budget 2026 underscores policy continuity and a sustained focus on infrastructure and urban development, both critical for real estate growth. A stable macro framework and fiscal discipline reinforce long-term confidence, especially in premium and luxury housing. For discerning buyers, improved urban livability and economic resilience remain key drivers, even as global uncertainties influence near-term sentiment.

Sunil Nair, CEO of Ramky Infrastructure Ltd, says, “The Union Budget 2026 underscores a clear continuity of confidence in India’s infrastructure growth story. The proposal to establish an Infrastructure Risk Guarantee Fund is a particularly forward-looking intervention that directly addresses one of the biggest hurdles in the sector: risk perception during the early stages of project development and construction. By offering partial credit guarantees to lenders, the Fund will not only ease financing bottlenecks but also embolden private players to invest in new, large-scale projects with greater assurance.

Equally significant is the government's move to accelerate asset monetisation through dedicated Real Estate Investment Trusts (REITs) for Central Public Sector Enterprise (CPSE) owned real estate. This will unlock dormant capital, enhance liquidity in the system, and catalyse a new wave of investments across allied sectors like logistics, housing, and industrial infrastructure.

Complementing these reforms, the Budget's thrust on industrial infrastructure through the Chemical Park and bulk drug park, Biopharma Shakti schemes enhances India's manufacturing and innovation ecosystem. The Chemical Park and bulk drug park will create plug-and-play clusters to boost domestic chemical production and reduce imports, while the ₹10,000 crore Biopharma Shakti initiative aims to build a globally competitive biopharma ecosystem through new NIPERs, clinical trial networks, and upgraded regulatory standards.

Finally, with a proposed capital expenditure of ₹12.2 lakh crore for FY 2026-27, the Budget reaffirms infrastructure as the backbone of India's economic momentum. These measures together create a balanced ecosystem, de-risked, capital-efficient, and geared towards sustainable, high-velocity growth. For developers like Ramky Infrastructure, this paves the way for deeper partnerships in nation-building.

Lakshmi Narayana G, Designated Partner (Laxmi Infra), GHR Lakshmi Urbanblocks Infra LLP., says, The Union Budget 2026 positions real estate as a key growth engine by building a more stable, capital-efficient ecosystem that reduces project risk and attracts institutional investment – a critical need for premium, sustainable housing in fast-growing markets like Hyderabad.

The push for Green Credits and incentives for sustainable construction technologies – such as dry construction methods and recycled materials – signals a clear policy shift toward environmentally responsible development. The Construction and Infrastructure Equipment (CIE) scheme, with its focus on advanced and energy-efficient equipment including modern lift systems for high-rises, further supports this transition toward smarter, greener buildings.

On the demand side, simplified NRI transactions – especially PAN-based TDS compliance without the need for a TAN – can significantly reduce friction for overseas buyers, making Indian real estate more accessible and investment-friendly.

Importantly, the Budget's emphasis on sustainable urban renewal across housing segments — from mid-income to premium — along with credit guarantees and process simplification, empowers developers to create more inclusive, well-planned communities. Growth corridors such as Kokapet and Neopolis in Hyderabad are well-placed to benefit from improved financing access and green incentives, enabling projects with smart technologies, global certifications, and future-ready amenities.

From a premium developer's perspective, the real opportunity lies in building integrated townships that balance density, sustainability, lifestyle, and livability — ensuring that growth remains equitable for both developers and homebuyers, while meeting the rising aspirations for high-quality urban living.

Mr. Pawan Gupta, Founder, Farmlandbazaar, says, “The Union Budget 2026 solidifies agriculture as a cornerstone of India's economic trajectory. With a ₹1.63 lakh crore allocation and a strategic pivot toward high-value plantations (Cashew, Cocoa, Sandalwood) and agri-tech integration, the budget significantly de-risks farmland as an asset class.

For landowners, the emphasis on Bharat-VISTAAR AI and improved logistics directly translates to higher per-acre productivity and capital appreciation. For investors, this sustained policy tailwind transforms farmland from a traditional holding into a modern, inflation-protected asset that is now more deeply integrated into India's global supply chain than ever before."

Abhishek Raj, Founder and CEO, Jenika Venture, says, The Indian real estate sector in 2026 looks forward to substantial growth, supported by government policies, technology, and increased institutionalization. The residential market is expected to witness a drift towards the luxury and super luxury segment, while Tier-II and Tier-III cities are set to acquire prominence because of improved connectivity and affordability. The development of affordable housing is expected to remain a promoted sector, along with challenges as increasing construction and land prices. The office market will witness normalized leasing levels of 70-75 million sq. feet per annum, largely contributed by the GCCs and the flexible workspaces community. The 'flight to quality' phenomenon shall continue, with a preference for ESG-rated and prime office spaces. Alternative property categories such as logistics realty, data centers, co-living, and senior living are expected to witness substantial institutional investment, largely because of the demographic shift and the growth of e-commerce. The recent GST reforms, such as simplified rates and a reduction in rates for construction materials, would help in reducing costs and making it more transparent, instilling investor confidence. Combined with other proposed measures such as RERA, development of infrastructure, online land record management, and sustainability norms, this sector shall finally witness more organization and professionalism. The upcoming budget looks forward to fixing boundaries for affordable housing, home loan tax deductions, GST reduction, and sectoral recognition, further kick-starting this sector in the year 2026.

Pawan Sharma, Managing Director, TRG Group, says, The Indian real estate industry is expected to show sustainable and organized growth in 2026 because of a mix of end-user demand, institutional investment, and government initiatives. The residential segment is expected to witness a rise in attraction towards the premium and luxury segments, and Tier II and Tier III cities will prosper because of proper infrastructure, connectivity, and accessibility. Affordable housing will continue to need specialized intervention due to the rising construction and land costs. Leasing from the commercial segment is expected to stabilize and touch 70-75 million sq. ft., mostly by the GCC and flexible workspace community. High-quality and fully ESG-compliant projects will experience substantial demand because of the growing importance and consciousness of the industry and real estate players towards higher standards of sustainable practices. Alternative real estate, such as logistics, warehousing, data centers, co-living, and senior living, is expected to witness substantial institutional investment because of demographic transformations, the rise of e-commerce, and supply chain evolution. The recently introduced GST reforms and amended laws will result in decreased construction costs, easier compliance, and greater transparency and fairness and will be a welcome move for all real estate developers and investors. With the aid of government initiatives such as RERA, real estate digitization, and real estate mandates and developments, the industry can experience a complete transition and evolution, and become a much more professional and strong industry and ecosystem in 2026. Budget allocations and initiatives related to the real estate industry, such as affordable housing, housing loan tax, and reduced and refined GST, will also accelerate and aid this growth pattern and trajectory.

Raghunath Bhattachari, Founder and MD, Triguna Projects, says, "The Union Budget 2026 reinforces a long-term infrastructure-first approach, providing the stability and connectivity needed for sustained property value appreciation across India. For the urban buyer

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