Buying to rent: What investors need to consider

Real estate can add a tangible asset and a potential income stream to an investment portfolio. However, buying a property to rent out comes with its own set of financial and management challenges



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A rental property can put money in your bank account every month, but the rent is only one part of the equation. Investors also need to factor in vacancies, maintenance, taxes, financing costs and the time involved in managing the asset.

The first question for anyone considering such an investment should therefore not be 'How much rent will I earn?', but 'What will this property actually return after all the costs?'

Start with the income potential

Rental income is the most immediate attraction. Once a property is leased, the monthly rent can provide a recurring cash flow and, in some cases, help offset the property's home loan repayment.

But the headline rent can be misleading. A property that earns Rs 40,000 a month does not necessarily generate Rs 4.8 lakh a year for its owner. Periods of vacancy, maintenance, brokerage, society charges, property taxes and other expenses can reduce the actual income.

This makes rental yield, rather than rent alone, an important metric for investors. The location also plays a crucial role. Areas with strong employment opportunities, transport links, educational institutions and social infrastructure may attract a wider tenant pool, helping reduce vacancy periods.

Rental income is only one possible source of return. The property itself may appreciate over time, depending on factors such as location, infrastructure development, demand and broader market conditions.

For an investor, this creates two potential avenues of return, income while holding the property and capital appreciation when it is eventually sold. However, appreciation should not be treated as a certainty. Real estate markets can move at different speeds across cities and even between neighbourhoods. A property that generates good rent may not necessarily be the one that delivers the strongest capital appreciation.

There is a tax angle too

The tax treatment of rental income can also influence the overall return. Income from house property is subject to specific deductions. Interest on borrowed capital may also qualify for deduction, depending on the property, tax regime and prevailing rules. Investors should therefore calculate their returns after considering the applicable tax treatment rather than comparing properties purely on gross rental income.

Pooling land, unlocking growth

Land pooling may play a transformative role in addressing the challenge of rising real estate prices

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Land pooling is a common practice in India, wherein landowners voluntarily hand over their land to a government agency for development. Upon completion of the process, a part of the developed land is returned to the owners depending on the scheme. This method avoids compulsory acquisition, reduces legal disputes, and increases the value of the owner's retained land. Sam Chopra, president and country head, eXp Realty India, while sharing his views on it, says, "Land pooling is one of the most practical, planning-led ways to expand cities without letting land scarcity and fragmented ownership push prices into volatility. When landowners, planning authorities, and developers operate under one transparent framework, it enables time-bound infrastructure roll-out and clarity on zoning and density, which improves project viability and reduces speculative pressure on raw land. The real hurdle in this today, is delay."

A GAME CHANGER

For developers, land pooling may help in substantial reduction of land acquisition costs. Deepak Garg, founder and director, ARE Infra Heights, says, "Land pooling has the potential to be a game changer for the real estate landscape. Unlike traditional land acquisition models, land pooling creates a more balanced approach by bringing landowners into the development process as stakeholders rather than displacing them." This shift in mindset, is important because it builds trust and reduces resistance, which has historically slowed large-scale urban development. On the other hand, landowners benefit from appreciation driven by infrastructure, zoning, and planned urbanisation. Rohit Gupta, CEO, Mantra Properties, says, "Unlike cash compensation or coercive acquisition, land pooling returns developed assets with utilities and connectivity. This delivers multi-generational wealth preservation for landowners while preventing scarcity-driven speculation. Planned urbanisation demonstrates how cities expand efficiently when developers, landowners, and planners collaborate through transparent pooling ratios and ring-fenced infrastructure commitments."

ADVANTAGES TO HOMEBUYERS

From a broader market standpoint, well-designed land pooling frameworks are likely to enhance transparency, shorten project timelines, and attract greater private sector participation. When private developers work alongside planning authorities, infrastructure can be created in a more structured and future-ready manner through better-designed neighbourhoods, roads, improved infrastructure, and potentially more supply in the market, all of which can benefit buyers. Over time, this may contribute to more stable pricing, improved housing affordability, and sustainable urban expansion, particularly in rapidly urbanising cities where land scarcity remains a fundamental constraint. Anshuman Magazine, chairman and CEO, India, South-East Asia, Middle East and Africa, CBRE, maintains, "Land pooling may offer a more collaborative alternative by bringing landowners, developers, and authorities together, enabling planned development without the delays and costs associated with conventional land acquisition."

CHALLENGES AHEAD

However, land pooling is not without hiccups. Ramesh Menon, founder director, Delhi Consortiums, points out, "There is a significant lack of confidence among landowners regarding the land pooling policy, largely due to poor communication and weak leadership. The absence of independent institutional consultants to anchor consortiums and explain monetisation strategies to landowners in simple terms has further widened the trust deficit. Landowners need clarity on how their holdings translate into value, whether in terms of capital, Transferable Development Rights (TDR), Floor Space Index (FSI), or other tangible benefits."

If implemented with clear safeguards, faster approvals and strong enforcement, land pooling can stabilise pricing by expanding organised supply, improving cost visibility across the construction cycle, and creating more balanced outcomes for landowners, developers, brokers, and homebuyers.

Sumit Chaudhary, chief business and hotel development officer, Elan Group, maintains, "Land pooling addresses one of the structural challenges behind price escalation in urban real estate, and limited availability of planned, development-ready land. In certain markets, pricing pressure is often a result of fragmented land ownership and constrained supply, rather than construction economics alone."

If executed with transparency and coordination, land pooling could reshape the realty industry in the coming decades. By aggregating land and redistributing a portion of the developed land back to the original owners, land pooling will create more value for all stakeholders whilst shaping the city's urban landscape, bolstering economic growth and improving living standards.

LAND POOLING VS TOWN PLANNING

Town Planning Scheme (TPS) is different from land pooling. Arvind Nandan, managing director, Research and Consulting, Savills India, says, "TPS offers a more structured statutory framework for land reorganisation, enabling planned urban growth by providing roads, infrastructure, and public amenities before the redistribution of serviced plots. Its long-standing application in states like Gujarat, particularly in Ahmedabad, shows its ability to deliver orderly urban form and predictable infrastructure. However, it involves more procedural steps, approvals, and longer timelines. Land pooling is more flexible and partnership-driven, while TPS provides regulatory certainty and planning discipline. Rather than competing models, they are complementary tools suited to different contexts."

HOW LANDOWNERS BENEFIT

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PUBLIC-PRIVATE PARTNERSHIP

One of the biggest advantages of the land pooling policy is its ability to enable public–private partnership. When private developers work alongside planning authorities, infrastructure can be created in a more structured and future-ready manner.



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Luxury beyond four walls

Premium homebuyers today are looking for much more than an upscale address. Space, privacy, wellbeing and a real connection with nature is what is holding centre-stage while taking a decision

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Today's premium homebuyers have already experienced upscale living. They have enjoyed the exclusivity of a good address and the amenities that come along with it. The definition of premium is slowly evolving with residents looking at the neighbourhood, spaces to relax and unwind in besides areas for fitness and meditation, all within the campus itself.

After all, a premium home does not necessarily guarantee a premium lifestyle. Luxury is no longer defined only on the premise of scale, location and comfort. Quality of life is slowly taking centre-stage.

Nitin Agarwal, director, SNN Estates, says, "For many years, there were only three elements that were significant when offering high-value housing—location, size and specifications. While all three are still important, there is now a growing trend of homebuyers asking: 'What kind of lifestyle will this home provide for my family?'"

✻ Beyond amenities

While visiting a project, buyers are increasingly asking practical questions: Is there enough space to walk and play? Are there dedicated areas for children and senior citizens? Can the common facilities actually be used comfortably? For them, it is no longer about how large or impressive a clubhouse is, but how functional and relevant it is to everyday living.

✻ Community takes centre stage

The idea of community is becoming crucial to the concept of premium living. Families want kids to enjoy safe places to play and make friends, elders want places to socialise, while residents need places for fitness, work and relaxation.

✻ Evaluating the ecosystem

Today, prospective buyers are assessing the entire ecosystem around a property, including connectivity, education, healthcare, shopping, recreation, and social infrastructure.

CJ Singh, COO, Wave City, says, "The definition of what constitutes a 'home' is changing as cities grow and urban lifestyles evolve. Premium homebuyers today are increasingly evaluating the ecosystem when looking to buy homes. Along with location and size, availability of landscaped open spaces, wellness and recreation facilities, security, children's amenities, social spaces and maintenance standards are becoming key considerations."

While visiting a project, buyers are increasingly asking questions: Is there enough space to walk and play? Are there dedicated areas for children and senior citizens?

✻ Well-designed common spaces

While convenience remains an important factor, there is also a social dimension to the growing popularity of communities. In nuclear households, the informal social network that once came naturally with the joint-family system is often missing. Homes that offer well-designed common spaces, services and opportunities for interaction can help bridge some of the gaps created by urbanisation. This is particularly relevant in India's large cities, where congestion and limited public open spaces make well-planned private communities an attractive lifestyle proposition. A community development can bring together leisure, wellness, social interaction, and everyday convenience within a managed environment, creating an integrated lifestyle rather than merely providing a larger home.

✻ Liveability over location

For premium households, liveability encompasses much more than commuting distance. It includes environmental quality, green spaces, privacy, security, wellness, community amenities, schools, healthcare access and the quality of infrastructure surrounding the project.

✻ Sustainability and wellness

Another important element reshaping premium housing is sustainability. Varun Hooja, partner, Machana Resorts LLP, says, "Sustainability, wellness, privacy and proximity to nature are the new markers of premium. They do not replace the old ones. They sit on top of them, and they will change how homes are conceived, designed and lived in. Sustainability has moved beyond a checklist of green features to energy efficiency, responsible resource management and conscious design at the core of the home."

✻ Privacy becomes a luxury

Privacy is now among the most valuable forms of luxury. As cities grow denser and more connected, buyers are seeking exclusivity, personal space, and a sense of retreat. This is driving interest in low-density communities where nature becomes an integral part of the setting rather than merely a landscaped feature.

These expectations are likely to influence where premium homes are developed and how they are planned — with low-density layouts, larger private spaces, sustainable infrastructure, and settings that keep residents close to nature without compromising convenience.

"The future of luxury housing in India is less about adding more and more about building better. The premium home of tomorrow will offer what is scarcest in urban India: space, privacy, wellbeing and a real connection with nature," concludes Hooja.



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Festive fervour boosts commercial real estate

With commercial real estate witnessing strong growth, the festive season is the right time to invest in such properties

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Commercial real estate across key Indian markets is witnessing robust growth in recent years, driven primarily by growing global interest in the Indian market. Strong economic fundamentals, rising demand from corporates and Global Capability Centres (GCCs), plus increasing traction for flexible workspaces has further strengthened the sector's investment appeal.

FESTIVE FERVOUR

With the festive season underway, market activity and investor sentiment typically receives a boost, making it an opportune period to consider commercial real estate investments. During the festive season, banks and financial institutions often introduce attractive schemes. Investors can benefit from lower interest rates, reduced processing fees and greater flexibility in payment plans.

Vikram Lodha, promoter and managing director, Meghna Infracon Infrastructure Limited, says, "Commercial real estate is increasingly emerging as an attractive investment avenue because the underlying fundamentals of India's office market have strengthened considerably. Strong demand from Global Capability Centres (GCCs), corporates and flexible workspace operators is creating sustained demand for quality office assets, while vacancies in key markets are reinforcing the value of well-located developments."

For investors, the appeal of commercial real estate lies in the combination of a steady income stream coupled with long-term capital appreciation.

Raahul Maroo, founder and managing director, Tatvam Group, says, "Commercial real estate is shifting from an institutional asset class to an attractive mainstream investment opportunity. Strong leasing demand and rising rentals make quality commercial assets compelling for investors seeking regular rental income and long-term capital appreciation."

As occupiers increasingly prioritise commute time and multimodal access, well-connected locations are emerging as significant commercial nodes, attracting both tenants and investors alike

Paul Salnikoff, managing director and chief executive officer, The Executive Centre, says, "The Indian commercial real estate market has entered a growth trajectory, making the current landscape very attractive for investors. Robust occupier demand and resilient economic fundamentals, along with the growth of businesses, has resulted in positive fundamentals for commercial assets, especially in the office segment."

For investors, the combination of robust occupier demand, strong capital inflow and changing business preferences represents a significant opportunity.

Shivam Agarwal, VP, strategy, Sattva Group, says, "India's commercial real estate market is being shaped by the country's established position as a preferred destination for global businesses, supported by a deep talent pool, strong technology capabilities and a mature ecosystem for innovation and enterprise alike."

THINGS TO KEEP IN MIND

However, investors should consider several factors before making an investment decision. Anand Agarwal, managing director of Ceratec Group, says, "For people who want to buy property there are three important aspects to keep in mind. First, choosing places that have good connectivity helps ensure steady rental demand and allows the value to appreciate over time. Second, working with builders who are transparent, follow regulations and maintain construction quality helps lower the chances of problems and protects the value of the investment over the long term. Third, assessing the income potential of the property by looking at tenant demand, occupancy, lease duration and rental returns provides a better understanding of its investment potential than simply looking at the purchase price."

Vikas Jain, CEO, Labdhi Lifestyle Limited, says, "Investors should assess connectivity, infrastructure, surrounding corporate ecosystem, tenant demand, vacancy and future supply. Sustained corporate demand, strong connectivity and institutional presence can contribute to the long-term strength of a commercial micro-market. The focus should be on whether the location can continue to attract quality occupiers over the investment horizon."



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