

Real estate prices have corrected significantly during the last several years and we now expect the market to bottom out in about a year and a half. The major factors are briefly mentioned below –

1. **Rental Yields:** Rental yields have gone up sharply indicating that demand is near lowest level and may rise from here. Rental yields in affordable segment are near mortgage level, not seen since 2003. One may consider investing in a property if its rental yield is above 6%.
2. **Real Estate Cycle:** It has been seen in studies that real estate market in India has a 7 year cycle of ups and downs. We faced a down cycle of seven years during 1996-2002, then an up cycle from 2003 to 2009, and finally we are at the end of a seven year cycle 2010-2017.
3. **New Favorable Regulations:** The new real estate bill has introduced several measures that are supportive to buyers and will help in increasing the demand in long run.
4. **Road Constructions:** The pace of road construction is rising substantially and it will indirectly support demand for housing as a large proportion of new construction is coming up near new road projects.

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