

Tax benefits, infra boost outside metros drive a second home boom

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As metro home sizes shrink, second homes — primarily used for recreation at the peripheries of metro cities — are gaining traction as a dual-purpose investment.

Offering tax benefits for non-resident Indians (NRIs) and an appealing alternative to domestic buyers, these properties are increasingly seen as both a lifestyle upgrade and a strategic financial asset.

“Over the past two years, sales of plotted developments and holiday homes have surged by approximately 15-20 per cent in emerging second-home destinations. Locations within a 100–150 km radius of major metro cities have witnessed a 25-30 per cent rise in buyer interest, driven by improved infrastructure and enhanced connectivity,” said Boman Irani, president of the Confederation of Real Estate Developers’ Associations of India (CREDAI), the national association of Indian real estate developers.

Indian cities are also witnessing a surge in demand for second homes with expansive green spaces. For instance in Bengaluru, Nandi Hills and Jigani near Bannerghatta National Park are emerging hotspots. Chennai’s Mahabalipuram and Kovalam Main Road on ECR attract

A HOME AWAY FROM HOME

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buyers with beachfront properties.

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The average ticket size for second homes typically ranges between ₹1 crore and ₹3.5 crore, with property sizes varying from 1,000 to 3,000 square feet.

The Union Budget 2025 simplified tax deducted at source (TDS) on rent, allowing homeowners to claim two self-occupied properties as tax-free.

“By eliminating notional rental income taxation, the move promotes

home ownership and boosts real estate investment, particularly in the second-home market,” said Anuj Puri, chairman, Anarock Group.

“Added incentives, such as income tax relief on second homes introduced in Budget 2025, have further boosted their attractiveness as both lifestyle upgrades and sound investments,” said Sandeep Ahuja, chief executive officer (CEO), Atmosphere Living.

High net worth individuals (HNIs) invest in vacation or second homes in their preferred tourist destinations and retirement homes for future living after concluding their professional careers, said market insiders. They

also noted that many wealthy Indians maintain second homes in multiple cities for convenience and to be closer to their businesses and families.

The factors are driving realty majors in the space to beef up their presence and create some unique selling features to stand out of the crowd.

Shalin Raina, managing director (MD), residential services, Cushman & Wakefield, noted that improved infrastructure and connectivity, such as expressways and direct flights to key second-home destinations, will further boost demand.

Raina added, “Additionally, enhancing healthcare access in these locations will be crucial, particularly for senior citizens. Lastly, policies that support sustainable development and incentivise real estate investments in emerging second-home markets will contribute to the segment’s long-term growth.”

Karishmah Singh, vice-president, sales, marketing and CRM at Sattva Group pointed out the rising number of women entering the housing market, driven by government incentives.

Vikas Sutaria, founder of Mumbai-based Irah Litespace, observed a rising demand for luxury villa projects that prioritise wellness-focused amenities and natural surroundings, making them an increasingly popular choice for second-home investors.