

# Realty to get indirect push from Budget proposals

Focus on urban development likely to boost growth across asset classes

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The government's Budget announcements providing tax holiday for data centres, setting up of city economic regions (CERs) and funding to improve infrastructure in Tier-II and -III cities may give an indirect boost to India's realty sector, said industry executives.

"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 and warehousing, data centres, retail hospitality and, to an extent, office market as well," a Budget impact analysis by Colliers India stated.

In a bid to entice global cloud service providers such as Microsoft, Google, and Amazon to use more of Indian data centres, Finance Minister Nirmala Sitharaman on Sunday announced a tax holiday till 2047 for foreign cloud service providers using Indian data centre services.

As a result, industry experts believe that developers will now leverage their strengths in land acquisition, construction, regulatory approvals, and tenant management while increasingly viewing data centres as long-term, stable-yield assets, with typical returns of 15-20 per cent. This shift, they say, is being driven by rising data usage, increased 5G penetration, and growing storage needs.

"The proposed tax holiday will significantly accelerate data centre growth by attracting global hyperscalers and deepening long-term investment, positioning India as a preferred hub for digital infrastructure and cloud-based service economy," said Badal Yagnik, managing director and chief executive officer (MD&CEO) at Colliers India.

According to Savills India, the country's data centre capacity reached 1.52 gigawatt (Gw) in 2025, and is projected to triple to over 4 Gw by 2030 at a compound annual growth rate (CAGR) of 23 per cent. The sector is estimated to attract investments of ₹1.6 trillion to ₹2 trillion over the next five to seven years. Companies like Anant Raj, Lodha, L&T Realty, DLF, Panchshil Realty, Rustomjee, the Hiranandani group, Mindspace Reit, and Adani Realty have entered the segment in recent years. Some are set to raise investments in building and servicing data centre infrastructure, supported by the Budget



## Realty check

- Limited direct realty sops, but data centre and urban infrastructure measures are set to indirectly lift property demand
- Tax holiday till 2047 for foreign cloud firms is likely to speed up data centre-led real estate investment
- ₹5,000 crore each for city economic regions and Tier 2-3 infra to support real estate growth
- Targeted policy support expected to boost realty demand from textiles, healthcare, semiconductors and AI-led sectors
- Focus on infra-led development expected to benefit commercial, residential, and mixed-use projects



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announcements.

Lodha, India's second-largest listed real estate developer, had recently signed a memorandum of understanding (MoU) with the Maharashtra government to invest ₹1 trillion, in addition to its earlier commitment of ₹30,000 crore, to develop a 2.5 Gw data centre park in the state.

"We are already seeing this confidence translate into action.

The presence of two foreign companies on our digital infrastructure platform in Mumbai Metropolitan Region (MMR) is a clear testament to our ability to meet global benchmarks on reliability, sustainability, compliance, and execution," said Shaishav Dharia, director, Lodha Green Digital Infrastructure. The company is also planning to foray into the built-to-suit data centre segment.

According to Vijay Agrawal, MD and sector lead (infrastructure), Equirus Capital: "Data centre services are defined as services provided

through the use of physical infrastructure, including land, buildings, computing services, and other services. Thus, data centre services provided by colocation service providers will also be exempt if they are set up under an approved scheme and owned and operated by an Indian company."

Amit Sarin, MD at Anant Raj, added that this push is expected to create high-quality employment and encourage innovation, positioning India as a preferred destination for data-driven businesses and next-generation technology deployments.

"Tier-I cities like Chennai, Mumbai, and Bangalore will see renewed interest from data centre players. Tier-II cities like Jaipur and Vijayawada will very likely see more traction in this segment," said Anuj Puri, chairperson at the Anarock group. The move to allocate ₹5,000 crore each for development of CERs is expected to catalyse demand and consumption across economic sectors, with non-metro cities likely to see companies expand presence through urban development, including office and residential projects. The Budget places renewed emphasis on unlocking growth in Tier-II and -III cities, including temple towns, supported by investments in tourism, skilling, and high-speed connectivity.

"The reinforced policy continuity through sustained infrastructure investment and a focused urbanisation agenda together provide structural support to real estate demand across Tier-I and Tier-II markets. Enhanced urban mobility and integrated housing frameworks are expected to strengthen demand resilience and deepen regional property markets," said Manik Malik, CEO, BPTP Ltd.

Executives said that targeted policy backing is expected to support real estate requirements from sectors such as textiles, health care, semiconductors, rare earths, and emerging domains such as artificial intelligence (AI) across various regions. The Infra Risk Guarantee Fund is expected to reduce risk during construction and early project phases, and encourage greater private sector participation, said analysts at PwC India.

"The Budget's emphasis on infrastructure-led development, stronger regional economic clusters, and improved intercity connectivity creates a stable foundation for largescale real estate planning across commercial, mixed-use, and residential formats," said Shivam Agarwal, vice president — strategic growth of the Sattva group. Agarwal added that the announcements will strengthen the demand for high-quality office ecosystems beyond traditional metros.