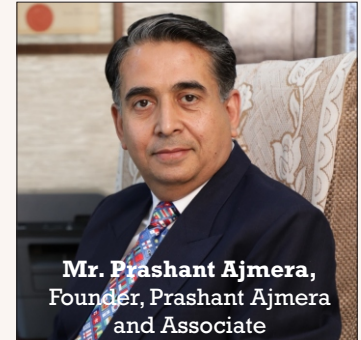




PRASHANT AJMERA AND ASSOCIATES

International real estate market overview after my recent visit to the island country and meeting with several developers:

Cyprus real estate market is ready for Indian investors and developers alike. Cyprus is small island country in the Mediterranean region south of Turkey. The island's natural beauty and its dynamic real estate market has attracted the attention and investment of HNIs and businessmen all over the world. The most attractive facet of investing in Cypriot real estate is that it can get you and your family residency or citizenship of this country. Hence you can become a resident of the EU by purchasing real estate in Cyprus thus gaining automatic access to the huge European market. It is true that the Cypriot economy was heavily affected during the economic crisis of 2013 that brought many European economies to the brink of collapse. But interestingly, Cyprus was one of the few countries that was able to turn the tide around rather quickly. Now the Cypriot economy is thriving under its able administration.



developers. This has increased the confidence level of the local real estate market and consequently the economy. The GDP growth in 2017 was 3.4 % and International Monetary Fund (IMF) predicts further GDP growth of 2.6% in 2018.

Due to strong market indication and high demand for real estate across Cyprus, there was a substantial increase in real estate transactions and new construction permits in 2017. Interest from foreign buyers for high end properties (€1.5 million and above) has increased by 45% in 2017. Growth in all property price indices was recorded during 2017, reflecting the increased demand and activity levels in the real estate sector.

The real estate market of any country directly reflects the overall performance of its economy. After the 2013 crisis, the government of Cyprus introduced the Residency & Citizenship program for non-EU citizens. Under this program, investors making an investment of €350,000 in real estate are granted Cypriot residency and those making an investment of €2 million to €2.5 million in other various combined assets, including residential real estate of €500,000, are granted Cypriot citizenship.

The Cypriot Residency & Citizenship program is one of the most attractive and value-for-money programs in the world. It has garnered interest not only from investors but also reputed developers who have entered into joint ventures with local





financial capital and it recorded 35% of the total transactions. At the same time, Famagusta recorded the highest annual growth of 44% in number of sale contracts during 2017. Nicosia recorded a growth of 42%.

3. There was an increase of 33% in sale transactions by foreign buyers. Paphos and Limassol are the most popular destinations



Following are the highlights of the real estate market in Cyprus during the year 2017:

1. There was 49% increase in the value of new building permits. The capital city of Cyprus accounts for 35% of the total permits or market share.
2. There was 24% increase in sale contracts across Cyprus. Though the capital is Nicosia, Limassol is the country's



Europe citizenship program.

Experts believe that the Cypriot real estate market will be doing really well in the coming years. As attorneys, we assist Indian HNIs and developers to make suitable investments in Cyprus and manage all legal aspects associated with the process.

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among foreign buyers. However, during my recent visit to Cyprus, I observed that the Ayia Napa area is not very popular among investors and is an attraction only for tourists. This area has great potential for foreign investors.

4. There was a rise of 45% in the purchase of high end real estate as these purchases are directly connected with Cyprus passport/



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SALES OF LOW-COST, READY-TO-OCCUPY HOMES UP



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For better results of GST implementation, industry experts continue to demand stamp duty, which is a state levy, on property deals be subsumed under the new regime. Affordable housing has received a boost over the past year, on account of benefits of lower tax rate and input tax credit. Being out of GST ambit, demand for ready-to-occupy properties is also growing. In tandem with its stated objective of 'Housing for All' by 2022, GST rate for affordable housing was cut to 8% with effect from January 25. The reduced tax is applicable to up to 645 sq ft homes purchased through the credit linked subsidy scheme under the Prime Minister Awas Yojana, as per changes recommended at the GST Council meeting. Affordable housing has received encouragement through reduction in tax rate. Ready-to-move-in properties have also benefited as more homebuyers are showing preference towards buying such apartments to save on GST. Ready properties with occupation certificates are out of GST ambit and are therefore tax-exempt. On the other hand, under-construction properties attract 12% GST with full input tax credit.

For better results of GST implementation, industry experts continue to demand stamp duty, which is a state levy, on property deals be subsumed under the new regime. Also all the input tax credits need to be passed on. Although it was anticipated GST would reduce property prices pan-India and better sales, we are hoping to see better impacts in coming years. If the stamp duty and registration fees are subsumed under the

GST regime, we feel we may see the overall cost of property purchase come down. Never-theless, sales of housing units across nine major cities in the country grew by 15 % during the April-June period compared to the previous January-March quarter. The total absorption of housing units increased by 15% across top nine cities in India in the second quarter of 2018 from 43,246 units

to 49,945 units. Real estate housing market across India continues to stabilize with developers in this quarter (April-June), clearing their older inventories and launching several new projects. The positive trend is expected to continue in the following quarters with new launches to pick up in 2018.



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