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RBI Repo Rate: RBI Cuts Repo Rate by 50 Basis Points Boosting Real Estate Sector, ET RealEstate

NEW DELHI: The Reserve Bank of India RBI) on Friday slashed the repo rate by 50 basis points to 5.5%, the lowest level in three years. This marks the third consecutive rate cut in 2025, bringing the cumulative reduction to 100 basis points since February. Alongside the rate cut, the central bank also reduced the cash reserve ratio (CRR) by 100 bps, unlocking ₹2.5 lakh crore worth of liquidity in the system.

Sanjay Malhotra , governor, RBI said the monetary policy committee (MPC) took the decision after a comprehensive review of macroeconomic indicators and financial developments. The central bank aims to cushion the impact of global headwinds and propel India’s growth, which has slipped to a four-year low of 6.5% in FY25.

Niranjan Hiranandani, chairman, NAREDCO & Hiranandani Group, called the move “a pivotal intervention” that reinforces India’s growth narrative. "The rate cut, and liquidity infusion are set to bolster credit lending and catalyze capex. Lower mortgage rates will boost homebuyer affordability and drive demand, particularly in Grade A developments," he noted.

Echoing optimism, G Hari Babu, national president, NAREDCO, said, "This is a timely and welcome step. Lower borrowing costs will improve affordability for first-time buyers and ease financing for developers. It will lift market sentiment and create a ripple effect across allied sectors.

"The 50 bps cut also signals a calibrated policy shift. Prashant Sharma, president of NAREDCO Maharashtra, emphasized that the RBI’s neutral stance and consistent cuts signal a commitment to growth, instilling confidence among both developers and investors. “It could be the key to reviving demand across housing segments,” he said.

On the buyer side, market confidence may be turning a corner. Domnic Romell, president of CREDAI-MCHI, highlighted the direct benefits for those in the affordable category. “A ₹15–20 lakh loan now sees EMIs fall by ₹700–1,000 per month this is significant for cost-sensitive homebuyers and could be the nudge many were waiting for," he observed.

Developers, too, see the opportunity to ramp up. **Murali Malayappan, CMD of Shriram Properties,** said the CRR cut—unlocking ₹2.5 lakh crore in liquidity—combined with falling rates will strengthen capital flows and project execution. "We're in a position to pass on these savings and accelerate demand-led growth," he said.

For many, the benefit lies in broadening access to housing. Dhaval Ajmera, secretary of CREDAI-MCHI, noted that the cut would "improve loan eligibility and affordability for lower-income households," unlocking latent demand in the affordable housing segment, which he termed the "backbone of India's residential market.

" The mid- and premium segments are also expected to see a lift. Kamal Khetan, CMD of Sunteck Realty, said reduced EMIs would make aspirational housing more viable, while stronger banking liquidity could help developers execute projects faster. "It's a dual win for buyers and builders," he added.

Tribhuwan Adhikari, MD & CEO of LIC Housing Finance said, "These progressive steps along with the inflation easing and the growth forecast remaining steady at 6.5%, the rate cut is expected to significantly lower borrowing costs, thereby improving affordability for homebuyers across segments. The monetary policy is becoming more balanced and forward-looking. This move by the RBI will likely catalyse a surge in home loan demand, especially the affordable housing segment. We expect a good boost in the housing demand July onwards and are optimistic that this year will be good for the housing finance industry.

"Anshuman Magazine, chairman & CEO - India, South-East Asia, Middle East & Africa, CBRE said, "RBI's decision to cut the repo rate by 50 basis points is a significant move that will have a positive impact on the economy and various sectors, including real estate. This reduction is expected to lead to lower borrowing costs, increased liquidity, and enhanced consumer spending power.

For the real estate sector, this move is particularly beneficial as it will make home loans more affordable, stimulating demand and driving growth. The reduced interest rates will also encourage developers to take on new projects, boosting construction activity and creating employment opportunities.

"Shishir Baijal, chairman and managing director, Knight Frank India, said, "Over the last few years, the strong housing market momentum was increasingly concentrating in the premium end even as there were signals of weakening the lower segments. With this cumulative 100 basis point cut in the policy interest rate we expect rekindling of the lower segments as affordability will witness a meaningful improvement for such homebuyers. We hope that the developer community too renews its focus in a big way to give longer legs to this housing market upcycle which is in its 5th year. Liquidity conditions remain balanced and conducive to supporting this monetary stance and we hope to see a greater transmission of this rate cycle.

"Vimal Nadar, national director & head, Research, Colliers India said, "For the real estate sector, this move is a strong tailwind: it lowers borrowing costs for buyers & developers, boosts homebuyer confidence, and enhances affordability, especially in the affordable and mid-income housing segments. This could lead to improved buyer sentiment, an increase in residential property enquiries and conversions, and a pickup in sales volumes across key urban markets. Over the medium term, the reduction in the cost of capital is also expected to enhance investor confidence, potentially boosting activity in both residential and commercial real estate segments.

"Rakesh Reddy, director, Aparna Constructions said, "While repo rate standing below 6% after many years is a moment of celebration, it is crucial to monitor and facilitate the effective transmission of these benefits to both consumers and developers on time, as inadequate policy transmission in the past has often diluted the intended impact of such rate cuts. We also feel that there is a need to return to the range of 5% as it has the potential to unlock a new wave of homeownership, driving broader economic participation and market growth.

"Rohit Gera, managing director Gera Developments said, Together, these measures are designed to accelerate monetary policy transmission and bring down lending rates across the board. This reflects the central bank's aim to bolster domestic economic growth and shared prosperity amid global uncertainties. For the real estate sector, this move could be a catalyst: lower borrowing costs will translate into reduced EMIs and improved homebuyer sentiment. Hopefully, banks actively and rapidly pass on the cut to home buyers. The policy stance clearly aims to revive private investment and consumption.

"Aman Sarin, director & chief executive officer, Anant Raj said, "We believe this will have a positive impact on the real estate sector, particularly the mid- and high-end segments, as interest rates become more affordable, reduced EMI and loan eligibility improves.

"Anurag Mathur, CEO, Savills India said, "The rate cut is a much-needed relief for homebuyers in the situation of dipping housing sales recently, especially in the affordable segment. The rate cut will lead to reduced borrowing costs that would encourage credit flow by making home loans more affordable, thereby improving housing affordability and stimulating end- user demand. The accommodation environment is also likely to attract investor interest, potentially driving momentum in both residential and commercial real estate markets. Additionally, reduced borrowing costs will likely accelerate construction and infrastructure development, further reinforcing sectoral growth while supporting employment generation. Developers would benefit from eased financial burdens, which could lead to an acceleration in new construction projects, thereby enhancing new launches.

"Venkatesh Gopalakrishnan, MD - Shapoorji Pallonji Real Estate said, "This bold and proactive step underscores the central bank’s commitment to stimulating economic growth and maintaining adequate liquidity in the system. A lower repo rate directly results in reduced EMIs, thereby enhancing home loan affordability for potential homebuyers.

This move is especially encouraging for the real estate sector, particularly in the affordable and mid-income housing segments, where demand is highly sensitive to interest rate changes. The significant rate cut will ease the financial burden on buyers, making homeownership more attainable and prompting fence-sitters to act. Additionally, the improved affordability and positive market sentiment are likely to spur investments and accelerate momentum across the sector.

"Piyush Bothra, co-founder and CFO, Square Yards said, "For the real estate sector, which has already been witnessing mellowed growth — this move is the right dosage which was required to unleash the animal spirits. A 50-bps reduction will translate into meaningful EMI savings, improving affordability for homebuyers. It will also give developers greater confidence to move ahead with new launches, especially in the low-to-mid segments.

"Dhruv Agarwala, group CEO, Housing & Proptiger said, "The RBI's 50 basis point rate cut in today's MPC meeting reflects a timely and well-calibrated response to the prevailing macroeconomic environment—marked by contained inflation and stable liquidity. It reinforces the central bank's commitment to supporting growth amid ongoing global headwinds. The move is expected to lower borrowing costs, bolster business confidence, and provide much-needed relief to sectors under pressure. In housing, where affordability is critical, especially in the budget segment, a reduction in interest rates will go a long way in sustaining demand. It will also ease capital costs for developers, potentially reigniting momentum in price-sensitive markets.

"Nesara BS, chairman, Concorde said, "While the influx of liquidity will aid credit growth and capex expansion, the resulting lowering of home loan interest rates from the REPO rate cut will come as a further benefit to home buyers. This move could also have a positive impact on India's GDP suggesting growth from 6.5% to 7%."Samyak Jain, director, Siddha Group said, "This will significantly improve consumer sentiment and reduce the cost of borrowing, thereby accelerating housing demand, especially in mid-income and affordable segments. We appreciate the RBI's continued efforts to balance inflation control with the need to maintain economic momentum amidst global uncertainties.

"Shrinivas Rao, FRICS, CEO, Vestian said, "Hence, the central bank has changed its stance from 'Accommodative' to 'Neutral' to carefully observe the global scenario and act accordingly. Major commercial banks are expected to pass on this benefit to homebuyers and developers by lowering interest rates, stimulating real estate demand and investments.

"Prateek Tiwari, MD, Prateek Group said, "The move will inject greater confidence in the already booming housing segment, as lower interest rates will significantly reduce the cost of borrowing. This, in turn, will encourage developers to come up with new launches, sustaining the market's growth. Hence, the sector is all set to reap its benefits.

"Mayank Jain, CEO, KREEVA said, "The reduced borrowing cost will not only strengthen homebuyers' sentiments but also help in easing the liquidity flow in the market. In light of significant market volatility and real estate witnessing a surge in the investment flow, this proactive approach signals the central bank's strong commitment to thrust economic momentum and boost investor confidence.

"W. S. Habib, president, CREDAI Tamil Nadu said, "This move is particularly significant for the real estate sector, as it is expected to make home loans more affordable, thereby boosting demand, especially in the affordable and mid-income housing segments.

However, the effectiveness of these measures hinges on the prompt transmission of rate cuts by banks to end consumers. We urge all banking institutions to swiftly adjust their lending rates to reflect the RBI's policy changes, ensuring that the intended benefits reach homebuyers and stimulate the housing market."

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Realtors expect rise in housing demand with likely fall in mortgage rate following repo rate cut

New Delhi, Jun 6 (PTI) The RBI decision to cut repo rate by 100 basis points since February, coupled with relief in personal income tax in the Budget, will have a positive impact on demand for residential properties, especially affordable and mid-income homes, according to real estate developers.

The RBI's move to reduce repo rate by 50 basis points on Friday will ease the financial burden of homebuyers and builders as well, they said, while hoping that banks pass on the benefits of the reduction in repo rate at the earliest.

The RBI reduced the key interest rate (repo) by 25 bps each in February and April.
Hailing the monetary policy, Tata Realty and Infrastructure MD and CEO Sanjay Dutt said the RBI decision augurs very well for the realty sector and hoped that the banks would pass on the benefit at the earliest.

"With inflation under control and a cut in personal income taxes announced in the last budget, this rate cut is a further shot in the arm for boosting the demand on the residential side. EMIs will be lower. In an era of rising construction costs and an increase in the cost of doing business, the rate cut will reduce borrowing costs of developers."

Venkatesh Gopalakrishnan, Director Group Promoter's Office, MD - Shapoorji Pallonji Real Estate, said this bold step is encouraging for the real estate sector, particularly in the affordable and mid-income housing segments, where demand is highly sensitive to interest rate changes.

"A lower repo rate directly results in reduced EMIs, thereby enhancing home loan affordability for potential homebuyers. The significant rate cut will ease the financial burden on buyers, making homeownership more attainable and prompting fence-sitters to act. Additionally, the improved affordability and positive market sentiment are likely to spur investments and accelerate momentum across the sector," he said.

According to many property consultants, housing sales declined in the January-March quarter of this year on a high base effect and a sharp rise in housing prices in the last three years.

Property developers and consultants believe that the 100-basis-point reduction in repo rate since February will help boost sales in the coming months.

Anshuman Magazine, Chairman & CEO - India, South-East Asia, Middle East & Africa at CBRE, said this reduction is expected to lead to lower borrowing costs, increased liquidity, and enhanced consumer spending power.

Hiranandani Group Chairman Niranjan Hiranandani said, "...this rate reduction is set to bolster credit lending, accelerate buying velocity, and enhance development momentum."
Emaar India CEO Kalyan Chakrabarti said this policy shift will support homebuyers and developers.

"Additionally, the CRR cut and asset reforms will further enhance liquidity access, fostering robust growth in the industry," he added.

Sunteck Realty CMD Kamal Khetan said, "We expect a strong uptick in residential inquiries and conversions as EMIs become more manageable for aspirational buyers".

Shriram Properties CMD Murali Malayappan said the easing of home loan rates should particularly benefit mid-market homebuyers, while Signature Global Chairman Pradeep Aggarwal said the cut in repo rate and cash reserve ratio will bring significant relief for homebuyers.

Manik Malik, CFO of BPTP, said this change in the policy rate is expected to ease borrowing costs, benefiting both developers and homebuyers.

"Developers will see financial relief through lower borrowing rates, enabling smoother project execution and keeping construction costs manageable. For homebuyers, this reduction in the repo rate translates into lower house loan EMIs, making homeownership more accessible," he said.

Bengaluru-based Sanjeevini Group Chairman Umesh Gowda HA said the RBI decision will be a big boost for the overall economy and also the housing sector.

"Home loans have already fallen below the 8 per cent mark and today's measures will further reduce home loan rates, thereby driving demand for mid-income and affordable homes," he added.

Noida-based Hawelia Group Chairman Rattan Hawelia said, "The sale of homes in NCR has witnessed a slowdown in the last couple of months. The recent reduction in repo rate after the last 2 rate cuts will definitely boost demand."

Leading housing brokerage firms, Anarock, Square Yards, PropTiger, The Guardians Real Estate Advisory, InvestoXpert and InfraMantra too sounded bullish about the growth prospects after this decision.

Dhruv Agarwala, Group CEO of Housing.com & PropTiger.com, said that the move is expected to lower borrowing costs and bolster business confidence.

"In housing, where affordability is critical, especially in the budget segment, a reduction in interest rates will go a long way in sustaining demand. It will also ease capital costs for developers, potentially reigniting momentum in the price-sensitive market," he said.

Anarock Chairman Anuj Puri said this can potentially boost demand in the Indian real estate sector, especially in affordable and mid-income segments. "Affordable housing faced the sharpest pandemic fallout, with sales and new launches shrinking in the top 7 cities," he pointed out.

Ankur Jalan, CEO of AIF Golden Growth Fund, said the RBI move will boost consumption and drive economic growth, benefiting all sectors of the Indian economy.

According to the latest RBI data, housing loan outstanding has increased to Rs 30 lakh crore as on April 18, 2025, from Rs 27.41 lakh crore year-on-year.

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The RBI reduced the key interest rate (repo) by 25 bps each in February and April.
Hailing the monetary policy, Tata Realty and Infrastructure MD and CEO Sanjay Dutt said the RBI decision augurs very well for the realty sector and hoped that the banks would pass on the benefit at the earliest.

"With inflation under control and a cut in personal income taxes announced in the last budget, this rate cut is a further shot in the arm for boosting the demand on the residential side. EMIs will be lower. In an era of rising construction costs and an increase in the cost of doing business, the rate cut will reduce borrowing costs of developers." Venkatesh Gopalakrishnan, Director Group Promoter's Office, MD - Shapoorji Pallonji Real Estate, said this bold step is encouraging for the real estate sector, particularly in the affordable and mid-income housing segments, where demand is highly sensitive to interest rate changes.

"A lower repo rate directly results in reduced EMIs, thereby enhancing home loan affordability for potential homebuyers. The significant rate cut will ease the financial burden on buyers, making homeownership more attainable and prompting fence-sitters to act. Additionally, the improved affordability and positive market sentiment are likely to spur investments and accelerate momentum across the sector," he said.

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Realtors Expect Rise in Housing Demand with Likely Fall in Mortgage Rate Following Repo Rate Cut

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Venkatesh Gopalakrishnan, Director Group Promoter's Office, MD - Shapoorji Pallonji Real Estate, said this bold step is encouraging for the real estate sector, particularly in the affordable and mid-income housing segments, where demand is highly sensitive to interest rate changes.

"A lower repo rate directly results in reduced EMIs, thereby enhancing home loan affordability for potential homebuyers. The significant rate cut will ease the financial burden on buyers, making homeownership more attainable and prompting fence-sitters to act. Additionally, the improved affordability and positive market sentiment are likely to spur investments and accelerate momentum across the sector," he said.

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RBI's 50 bps Repo Rate Cut Spurs Optimism In Housing Sector

Third consecutive rate cut lowers borrowing costs to 5.5 per cent; real estate leaders see boost in affordability, buyer sentiment, and project momentum

In a move poised to cheer homebuyers and energise the real estate sector, the Reserve Bank of India (RBI) has slashed the repo rate by 50 basis points to 5.50 per cent, marking its third straight cut under Governor Sanjay Malhotra. With the monetary policy stance now shifted from 'accommodative' to 'neutral', the central bank aims to strike a balance between stimulating growth and maintaining macroeconomic stability amidst global uncertainties.

Industry leaders hailed the announcement, citing enhanced affordability for homebuyers, improved credit flow, and revived confidence across housing segments.

A Proactive Growth Measure

Prashant Sharma, President, NAREDCO Maharashtra, called the rate cut a strategic move to reinforce economic momentum. "It will bring down home loan rates further, boosting confidence for developers and investors alike," he said.

Amit Jain, CMD of Arkade Developers, echoed similar views, stating, "This is not just about affordability. It signals long-term confidence in India's growth, especially in mid and premium housing segments."

Metro buyers to benefit most

Nishant Deshmukh of Sugee Group noted that the policy would particularly help homebuyers in cities like Mumbai, where financial accessibility drives purchase decisions. "The RBI's 'neutral' stance gives long-term investors confidence," he added.

Shraddha Kedia-Agarwal of Transcon Developers agreed, pointing out that a 5.5 per cent repo rate, along with lowered inflation projections, could drive increased home-buying activity.

Boost for affordable and mid-income housing

According to Samyak Jain, Director at Siddha Group, the move will "accelerate demand in affordable and mid-income housing" as consumer sentiment improves and EMIs reduce.

Ashish Kukreja, CEO of Homesfy.in, noted that the 100-bps reduction in repo rate since February 2025 has been timely. “It reflects cautious optimism. The onus now lies on banks to transmit the benefits swiftly,” he added.

Liquidity, affordability and developer margins to improve

Dr Nayan A. Shah of Mayfair Housing said the repo and CRR cuts together would inject much-needed liquidity, ease financing conditions, and drive new launches.

Sanjay Daga of Anex Advisory underlined that the move will ease financial burdens for both borrowers and developers, increasing affordability while supporting a healthier credit ecosystem.

Parthh K Mehta of Paradigm Realty believes that the decision will allow more buyers to explore premium offerings, saying, “We see this as an opportunity to expand into luxury segments.”

Wider market ripple effect expected

Rahul Singla, Director of Mapsko Group, called the move a catalyst for real estate revival, especially in the affordable segment. “We urge lending institutions to pass on the benefits quickly,” he said.

Manju Yagnik, Vice Chairperson of Nahar Group and Senior VP, NAREDCO Maharashtra, emphasised the cascading benefits. “With home loan rates likely falling below 7.75 per cent, the rate cut enhances affordability and liquidity, potentially reviving mid-income and premium housing demand while supporting over 200 allied sectors,” she noted.

With GDP growth projected at 6.5 per cent for FY26 and inflation forecasted around 4 per cent, the RBI’s latest move is expected to not only support housing demand but also solidify the sector’s role in India’s broader economic revival.

Liquidity Push Welcomed

Sanjay Dutt, MD and CEO of Tata Realty and Infrastructure, stated, "With inflation under control and cut in personal income taxes announced in the last budget, this rate cut is a further shot in the arm for boosting the demand on the residential side. EMIs will be lower. In an era of rising construction costs and increase in cost of doing business, the rate cut will reduce borrowing costs of developers.

Adding to these sentiments, **Murali Malayappan, Chairman and Managing Director of Shriram Properties**, emphasised, “The RBI’s decision to lower the REPO rate by 50 basis points and the CRR by 100 basis points will unlock an additional Rs 2.5 lakh crore of liquidity, bolstering financial stability and stimulating economic activity. We anticipate this enhanced liquidity to accelerate credit growth and capital expenditure, while the easing of home-loan rates should particularly benefit mid-market homebuyers.”

Nesara BS, Chairman of Concorde, commented, "While the influx of liquidity will aid credit growth and capex expansion, the resulting lowering of home loan interest rates from the REPO rate cut will come as a further benefit to home buyers. This move could also have a positive impact on India's GDP suggesting growth from 6.5 per cent to 7 per cent."

Jayant B Manmadkar, CFO, Brigade Enterprises, added, "The decline in home loan interest rates will offer additional relief to homebuyers as it will put more surplus money in their hands. It will subsequently benefit the growth of the real estate sector by instilling a sense of confidence in consumers."

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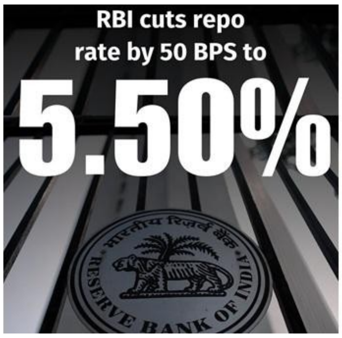
RBI's Bold Policy Shift: What It Means for Homebuyers

The third consecutive rate cut in 2025, totaling a 100-basis point decrease since the beginning of the year is expected to benefit homebuyers.



In a significant move aimed at invigorating the Indian economy, the Reserve Bank of India (RBI) has announced a 50-basis point reduction in the repo rate, bringing it down to 5.5%. This marks the third consecutive rate cut in 2025, totaling a 100-basis point decrease since the beginning of the year.

Complementing this, the RBI has also declared a phased reduction of the Cash Reserve Ratio (CRR) by 100 basis points, set to be implemented in four tranches starting September 2025. This strategic decision is expected to inject approximately Rs 2.5 lakh crore into the banking system, thereby enhancing liquidity and enabling banks to extend more credit to various sectors, including real estate.

"For the real estate sector, this rate reduction is set to bolster credit lending, accelerate buying velocity, and enhance development momentum. The resulting decline in home loan interest rates will directly benefit homebuyers by improving affordability and cushioning their financial commitments. Lower mortgage rates make home ownership more attainable," expressed Dr Niranjan Hiranandani, Chairman, NAREDCO & Hiranandani Group.

Manoj Gaur, CMD, Gaurs Group, RBI's decision to reduce the repo rate by 50 bps will add new vigour to the country's real estate sector. With this the total quantum of reduction, since the beginning of this year, reaches 100 bps, translating into a massive 1% decrease. Not only will it make homeownership affordable and boost buyers' sentiments but could as well signal the beginning of a new low-interest regime.

Murali Malayappan, Chairman and Managing Director of Shriram Properties Limited shared, "The RBI's decision to lower the REPO rate by 50 basis points and the CRR by 100 basis points will unlock an additional Rs2.5 lakh crore of liquidity, while the easing of home?loan ates should particularly benefit mid-market homebuyers."

Domnic Romell, President, CREDAI-MCHI and Director at Romell Group said, "A cumulative rate cut of 50 basis points significantly eases the monthly repayment burden for aspiring homebuyers, especially in the affordable housing category. For instance, a 15–20 lakh home loan now sees a monthly EMI reduction of around Rs 700–1,000—this is a substantial relief for cost-sensitive buyers, particularly those employed in the informal sector. We anticipate this move will activate fence-sitters and revive first-time buyer interest across urban and semi-urban pockets."

The RBI's decision to reduce the repo rate by 50 basis points should translate into lower EMIs for home loan borrowers. Disposable income should increase and thereby scope for increased spending. Concurrently, it lowers the borrowing costs for HFCs and NBFCs. We anticipate a thrust in retail credit off-take, particularly in home financing, as affordability improves," stated Kalpesh Dave, Director & CEO, Star Housing Finance Limited

Amit Bhagat, Co-Founder, CEO and MD, ASK Property Fund added, "RBI's announcement of a further rate cut of 50 bps is a significant proactive step at a time when demand for residential real estate is seeing signs of slowing down across segments due to increased prices. Home ownership continues to be an aspiration and dream for every Indian household, and these rate cuts, followed by reduced home loan interest rates, will strengthen home buyer confidence."