Infrastructure Push in the Budget Sets the Tone for Real Estate Growth Beyond Metros

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The Union Budget 2026-27 has given infrastructure a pivotal role in economic growth, and this has created a conducive environment for the growth of the real estate sector. The increased government spending on infrastructure, the renewed focus on future-ready infrastructure, and the efforts to develop Tier II and Tier III cities while setting aside a corpus of Rs. 5000 crores under City Economic Region plan for each city including temple towns, are an indication of the government's intentions to develop growth hubs beyond the metros. For developers, this has created greater clarity on connectivity, urban development, and planned development, and has also helped to instill confidence in the residential and commercial sectors.

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Rajjath Goel, Managing Director, MRG Group says, *"With a capital expenditure push of Rs.12.2 lakh crore, the Budget gives a clear signal that infrastructure remains a top priority, and the ripple effects for real estate are substantial. Upgraded roads, transit networks, and urban utilities will not only make developments more viable but also enhance delivery timelines and asset quality. For developers, investors, and buyers, such predictable and well-planned infrastructure creates a stronger, more resilient market. Beyond improving connectivity, these investments are expected to generate significant employment across allied sectors, supporting sustainable urban growth."*

Pankaj Jain, Founder and CMD, SPJ Group, says *"The Union Budget 2026 has shed significant focus on the infrastructure* *with a forward-looking approach. The Infrastructure Risk Guarantee Fund is a timely measure that will help ease financial constraints, particularly for projects linked to urban redevelopment and regional connectivity. When backed by the government's increased capital expenditure push to Rs. 12.2 lakh crore, this added layer of financial assurance can significantly improve lender confidence and accelerate project execution. In metro cities, where large-scale infrastructure upgrades directly influence real estate viability, faster delivery and better coordination can enhance asset quality and unlock redevelopment potential. Importantly, assured funding for infrastructure strengthens the backbone on which real estate development depends, like roads, transit, utilities and public amenities. Over time, this will not only de-risk long-gestation projects but also support more sustainable and well-planned urban growth, reinforcing the long-term outlook for residential, commercial and mixed-use developments across key city markets*."

Sanjay Sharma, Director, SKA Group, says, "*Beyond new infrastructure announcements, what stands out in Budget 2026's announcement is the emphasis on execution efficiency, which has a direct bearing on the real estate sector. The scheme to enhance construction and infrastructure equipment can help developers improve productivity, manage costs better, and deliver projects on time; an increasingly important factor for homebuyers and investors. The expansion of infrastructure across metros, Tier-2 and Tier-3 cities, supported by a Rs.12.2 lakh crore capital expenditure allocation, strengthens growth corridors that typically catalyse residential and commercial development. Improved connectivity through high-speed rail will further integrate regional markets, widening the real estate opportunity landscape. As economic reforms gradually ease financing conditions, developer confidence is likely to improve, encouraging more organised and professionally managed developments across India's urban spectrum*."

Shyamrup Roy Choudhury, Founder & Managing Director, Aura World, says, *“The increase in capital expenditure to Rs. 12.2 lakh crore, along with initiatives such as City Economic Regions with Rs. 5,000 crore allocation per region over five years, including temple towns as well as focus on tier 2 and 3 cities provides clearer visibility for residential project planning. Improved connectivity and risk mitigation make non-metro cities more viable for real estate development. The setting up of the Infrastructure Risk Guarantee Fund will also accelerate further expansion.“*

Sanchit Bhutani, Manging Director, Group 108, says, *“The Union Budget’s continued focus on infrastructure and capital expenditure is a positive step for commercial real estate. Initiatives like the Infrastructure Risk Guarantee Fund will help improve funding confidence and make large office projects more viable. Better connectivity through high-speed rail corridors will also support the growth of Grade A office spaces across major business markets, creating a strong foundation for long-term demand*.”

Yash Miglani, MD, Migsun Group, says, *“The Union Budget 2026 represents a strong thrust towards the development of Tier-2 and Tier-3 cities, which will be the source of the next wave of growth in the urban and commercial sectors. Improved connectivity, urban services and logistics will make these markets far more viable for organised commercial and mixed use developments. From Migsun Group’s perspective, the launch of the Infrastructure Risk Guarantee Fund is a welcome step, as it reduces funding risks and promotes private-sector investment in long gestation projects*.”

Sauarb Saharan, Group Managing Director, HCBS Developments, says, “*The real estate sector views this Budget as a steady and balanced push towards infrastructure-led growth rather than a headline-driven catalyst. The introduction of dedicated REITs and the Infrastructure Risk Guarantee Fund is particularly significant, as it improves funding confidence and reduces execution risk for large-scale projects. Coupled with the increased capital expenditure outlay of Rs. 12.2 lakh crore and continued focus on infrastructure development, these measures create a stable environment for the entire real estate sector. While, improved connectivity and infrastructure, particularly in Tier-2 and Tier-3 cities, are expected to unlock new residential and commercial opportunities. We foresee this Budget to continue establishing a solid foundation for gradual and inclusive growth across India’s realty sector.*”

Mohit Batra, Regional Director, Realistic Realtors, says, “*The budget provides a strong signal of policy continuity and long-term stability for the real estate sector. Measures such as the introduction of dedicated REITs and the Infrastructure Risk Guarantee Fund will help improve funding confidence and reduce execution risks for large-scale projects, making the sector more predictable for investors and developers. Combined with the increased capital expenditure of Rs.12.2 lakh crore and a continued focus on infrastructure development, the Budget is likely to drive better connectivity, more organised urban expansion, and stronger fundamentals across both residential and commercial markets. Tier-2 and Tier-3 cities, in particular, stand to benefit from improved infrastructure, which can unlock new opportunities.*“

Preksha Singh, CEO of Agrasheel Infratech, says, “*Supporting infrastructure and professional institutions in smaller cities through the budget will create new employment and business opportunities there. When transport, roads, and urban* *amenities are strengthened together, the real estate sector witnesses balanced and sustainable growth. Measures such as REITs (Real Estate Investment Trusts) will help developers overcome funding constraints, making Tier-2 and Tier-3 cities better options for both end-users and investors.*"

Ashok Singh Jaunapuria, MD & CEO of SS Group, says, "*Budget 2026 has placed special emphasis on infrastructure, urban development, and the real estate sector. This will accelerate the pace of projects, strengthen investor confidence, and open up new opportunities across residential, commercial, and mixed-use segments. Overall, the budget will help propel the real estate sector towards sustainable growth and innovation*."

Viren Mehta, Founder & Director, ElitePro Infra, says, "*Recent policy initiatives outlined in the budget solidify infrastructure as the key driver of real estate growth in the next few years. Increased capital expenditure, focus on REITs for asset monetisation of CPSE lands, are positive factors that will add thrust to the real estate sector. Setting up the Infrastructure Risk Guarantee Fund and City Economic Regions with Rs. 5,000 crore allocation per region over five years, including temple towns as well as tier 2 and 3 cities, will ensure that the real estate horizon expands well beyond its core areas. This budget envisages long-term real estate growth that capitalises on India's economic development.*"

The Budget's infrastructure-centric approach has created greater certainty for real estate planning and investment. With growth expected to spread to smaller cities and new economic hubs, developers are looking at a more balanced and sustainable growth opportunity. The focus on decentralisation in urbanisation is expected to bring about a paradigm shift in demand and create new opportunities in emerging markets.