



EMBRACING NEW NORMAL

The Indian real estate sector has consistently been the second largest job creator for both skilled and unskilled workers in the country. Last year, the pandemic had initially brought a lot of challenges to the industry. With scarcity of labour and wide spread fear, the first quarter of last year was rough for the sector. However, by the third quarter of 2020, the real industry started finding its footing. According to a report, the housing project launches in just the second half of 2020 were 86,139 units across the top eight Indian cities. The residential sales volume across these cities jumped by 2x to 61,593 units from October 2020 to December 2020, compared with 33,403 units in the previous quarter. This indicated a fair recovery of the industry, buoyed by a combination of factors like pent-up demand, low-interest rate and a need for larger spaces owing to the work from home culture.

Having said that, although we entered this financial year with really high hopes post the great budget announcement by the government, the second wave has had a major negative impact on the real estate industry yet again. With government incentives slowly coming to an end and banks becoming more stringent with funding, it will truly depend on how the next few months play out to determine the future of a lot of companies in the Indian real estate industry.

GOVERNMENT MEASURES TO REVITALIZE THE SECTOR

The government played a crucial role in revitalizing the sector last year by introducing a lot of reforms to ease the home buying process for consumers. There were tax benefits and moratoriums announced aimed to encourage

investment in real estate. The reduction in interest rates, encouraged potential customers to invest in properties of their choice sooner rather than later. Buyers realized the value of owning a home rather than renting one, and measures like Relaxed Payment Schemes & easy EMLs offers really drove residential sales. There was a lot of traction from investors as well. In the past few months though, with the resurgence of Covid-19 in the country, sales have again come down as people are unable to move out of their homes.

In April 2021, India's apex bank decided to maintain a status quo on policy rates. Public lender SBI increased its home loan interest rates by 25 basis points, indicating that banks would keep away from the existing record low interest rate regime. As a result, maintaining cash-flows will prove extremely crucial for companies in the next few months.

ADOPTION OF TECHNOLOGY

In the first quarter of 2021, we observed a rise in demand for spacious and luxurious projects with special emphasis on safety measures, in-house amenities, proper maintenance and an integration of technology and convenience.

As a result, there has been a wave of digital transformation across the country, and it has become imperative for industries to adapt to new technologies to meet the needs of consumers. Although still in its nascent stages, today we see a trend of buying a home online which did not exist before. Furthermore, even processes like planning, conceptualizing, designing, marketing and touring of the properties, have come a long way and now form the virtual roadmap to a new type of real estate sector in the country.

With majority of the consumers migrating back to their hometowns, demand for quality houses in tier 2/3 cities is soaring.



RESIDENTIAL

Consumers are the drivers of market competitiveness, growth, and economic integration. Therefore to cater to the consumer of today, real estate developers have shifted gears and aligned with fresh challenges to meet consumer needs. With the emphasis on a remote working culture, people are opting for bigger homes with more space for every member of the family. There has been a shift in millennial opinion towards owning a home and this has been a boon for the sector.

Furthermore, with majority of the consumers migrating back to their hometowns demand for quality houses in tier 2/3 cities is soaring. This swing has made potential homebuyers open to properties in the outskirts and suburbs, fuelling property demand in the peripheral locations of cities, especially with proximity to the offices no longer being a determining factor.

The onset of the second wave of Covid19 in the country has impacted businesses a lot more compared to last year. At present, we are receiving enquiries from consumers for ready to move in projects. However, with this period of lockdown, site visits are not possible to close residential deals. We are expecting this challenge to resolve once this period of abeyance is lifted and are hoping business to pick up pace by the 3rd quarter of the year.

COMMERCIAL

In a recent report, the net leasing of commercial spaces across seven major cities reported a 48% annual decline during the Covid era. Though, as we slowly come to terms with 'co-existing with Covid, segments in commercial real estate are sure to witness a rebound in demand. Not all nature of work coheres with 'work from home'. Many industries do need an actual workplace to operate fully and effectively, which means the commercial sector will regain its footing soon. In terms of leasing, we see an increasing demand from industries such



as e-commerce, healthcare, and FMCGs. There is also still a growing presence of institutional investors who are very bullish on India and this will continue to drive the Indian commercial real estate market. The new normal in this segment is showing trends of sanitized ambiances, and larger spaces being blended with wellness facilities to ensure hygiene and safety of the consumers.

CONCLUSION

To conclude, this new era with Covid has brought about new dynamics of growth, innovation, and investment in the industry.

The pandemic has resulted in consumers preferring to buy value-for-money homes in the outskirts and suburbs, as opposed to cities; especially with proximity to the offices no longer being a determining factor. For all industries and not just real estate, this is a perfect opportunity to realign energies, think afresh, and reimagine solutions. With the help of these transformational methods, we are hoping to see the sector bounce back in the September quarter and hopefully give an opportunity to companies to recover within this financial year.



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