

Millennials prefer home ownership over renting

85 per cent of the builders reported that millennials comprised the most active buyer segment in 2020. What is driving this trend?



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Shikha Bhatia (name changed on request), a 34-year-old marketing professional, was staying on rent for the past five years. However, the pandemic and the subsequent lockdown made her re-evaluate her plans and she ended up purchasing her own home last year.

"Property prices had come down by almost 15-20 per cent; the Maharashtra government had reduced the stamp duty rates to two per cent and the home loan interest rates were at a decadal low; purchasing a property meant I was not only saving a substantial amount, but I would also have a roof to call my own amid this crisis. Hence, I seized the opportunity and bought a home in a gated community," she adds.

Bhatia is only one of many millennials who has taken the plunge. According to a survey conducted by a leading tech-based brokerage-free real estate platform, 85 per cent of the builders reported that millennials comprised the most active age group (30-40 years) when it came to home-buying activity in 2020.

"The Covid-19 outbreak has influenced the way people, especially the millennials, think of home ownership. It seems more prudent to pay

EMIs rather than monthly rentals," Bhatia mentions.

Shift in mindset

Before the pandemic, millennials did not believe in 'settling down' with a home purchase. "They found it easier to rely on on-demand services to meet their mobility needs or live as tenants, which gave them a wider range of opportunities. The pandemic changed all that," says Saurabh Garg, co-founder and CBO of a leading tech-based brokerage-free real estate platform. Further, it must be noted that millennials comprise a major part of the contemporary workforce and they are managing mid-to-senior level roles.

"Also, builders sweetened the deal by offering more discounts, and the mid-income level professionals working from home were able to save money as they were not spending on travel, eating out or leisure. All these factors encouraged them to invest in real estate," adds Garg.

With work-from-home being increasingly prioritised, and more time getting spent within the four walls of the homes, the desire to stay closer to the workplace or business districts by shelling out hefty rent has reduced.

"All-time low home loan interest rates and favourable policies have also triggered a demand among

What should millennials keep in mind while buying a home?

- Evaluate the appreciation potential of the area (where the house is located);
- Go for only RERA-approved projects and ensure the builder has a track-record of delivering projects on time;
- Conduct thorough research and speak to people in the neighbourhood where you are looking to buy a house;
- Examine the location carefully and look at the nearby social infrastructure including retail, commercial centres, healthcare, and educational facilities.

millennials. And with increasing levels of digitisation in real estate and advancements in PropTech, the process of property searching has also become easier and seamless as compared to before, thus encouraging more millennials to seal the deal," explains Abhishek Jindal, founder and CEO of a property management platform.

Making smart choices

New-age home-buyers are setting aside bigger budgets as they wish to invest in spacious homes. As per the survey, the demand for 2-BHK units saw the maximum increase in

2020 at 59 per cent, followed by 1-BHK (22 per cent), 3-BHK (17 per cent), and 4-BHK (two per cent).

"With remote working here to stay, many home-seekers are looking for a property in the outskirts and suburbs as opposed to city centre since proximity to the workplace is no longer a determining factor. Also, buyers have indicated a preference for society living as it offers multiple benefits; it also gives them a sense of community during a crisis," says Garg.

The survey also highlighted that the Rs 60-80 lakh range comprised the most sought-after price bracket (24.1 per cent) among the new-age home-buyers, followed by those with a budget of Rs 1 crore and above (20.4 per cent).

"Buyer preference has shifted towards mid-segment and luxury properties as the focus now is on the need for separate spaces for work and recreation. Also, youngsters are looking for well-designed spaces fitted with smart interiors, and one that allows them to establish a healthy work-life balance," mentions Karishmah Singh, VP-sales, marketing and CRM of a leading real estate company in India.

"In terms of amenities, millennials' preference tilts towards a home with a balcony and more open and free space, one with a nearby park, adjoining garden spaces and gym. Also, most married millennials want to invest in (semi or fully) furnished homes instead of non-furnished ones," adds Jindal.

Eye on the future

Even when the inoculation drive is complete, new-age professionals might continue to work from home. The financial and environmental benefits provided by remote working will encourage companies to adopt a hybrid workplace model if not a completely remote working model. We can, therefore, expect millennials to continue looking at home ownership positively.

"Our workplaces and homes have integrated, and the value of owning a home has been re-established as a secure and necessary investment. Currently, the interest rate stands at sub-seven per cent and it is unlikely that it will increase from the current level in the short-to-medium term. Besides, realty prices will also remain stagnant; hence, real estate will continue to be an attractive bet for buyers," concludes Garg.