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ECONOMY

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As we march towards 2022 with a pandemic-riddled economy, the industry is set to enable recovery with a new phase of growth, innovation, technology, and investment trends. Real estate is a multi-faceted industry, with many dimensions to it. While some of its sectors grew during the pandemic, some are recovering from the challenges it faced. The pandemic accelerated the demand on the industrial front, particularly for warehouses, data centers, and distribution centers. This trend opened new pathways for the sector to grow in the coming years.

2021 The year that was

Adapting the digitization wave – The sector also witnessed a digitization wave on a large scale. With the changing paradigm, real estate players were required to evolve and adapt to the new normal. From online site visits to online payment, developers are using innovative technological tools and practices across various stages of business operations. Virtual walkthroughs have been a game-changer for the industry during the pandemic and will continue to be so.

Demand in Tier 2 & 3 cities and peripheral areas –Demand for residential properties in Tier 2 and Tier 3 cities gained momentum in the past few months. The desire for a better lifestyle, remote working culture and reverse migration led to an increased demand for homes in the peripheral areas. Furthermore, this created a chance for real estate players to explore and offer great home experiences to this untapped consumer demand and capture new markets.

Ready-to-move-in projects gaining popularity – Last year saw the demand for ready-to-move-in units surge in almost all cities. It became a preferred segment owing to the shift in buyer mentality, to seek safety and avoid risks associated with under-construction properties.

Government support to the industry – Considering the revival potential of the real estate sector, the government offered progressive policies to give a boost to the industry. In order to boost the economy, the government took initiatives to reduce tax incentives, providing a conducive environment to encourage home buyers. The low-interest rates on home loans have invariably increased the affordability factor for potential home buyers.

Outcome on Sales – According to an industry report, homebuyers took advantage of incentives offered by developers and low interest rates, leading to an increase in residential sales in seven cities across the country. Post the second wave, sales in the fourth quarter of 2021 recovered to & 90% volumes recorded in 2020 across the top seven cities.

Commercial real estate equation – Flexible workspaces are in high demand because they not only perfectly match the “new normal,” but also provide companies with a way to save costs, raise productivity, improve work experience and provide employees with more flexibility. In 2022, the co-working segment is expected to shape demand trajectory for the industry.

Time ahead in 2022 -23

The real estate sector's contribution to the country's GDP is set to go up to 10% by 2030, contributing about \$1 trillion to the economy, according to an industry report. Let us look at some of the key trends in the real estate industry that we foresee in the coming years.

Fractional ownership in commercial –Online investment platforms are pursuing investors by offering fractional ownership with high yield returns. The concept has gained popularity and is poised to reduce the financial burden on the sole investor of the property.

Flexibility in office space – Companies are fragmenting their offices across Tier 1 and Tier 2 cities, offering flexibility to employees. The pandemic re-shaped the office working models for not only employees but also for employers. Leading companies moved their offices to co-working locations and continue to do so to optimize costs and achieve better employee engagement in current circumstances.

Data centers- Due to digitalization in the aftermath of the pandemic, the demand for data centers has multiplied. India's transformation into a 'digital economy' increased the demand for the sector. The demand for data centers in India has increased due to rising demand from fintech, e-commerce, media, education, and content companies.

Affordable segment to grow – In 2021, we witnessed the affordable segment as a leading buyer preference. Over half of the housing demand in leading markets was driven by the affordable segment. From this, the coming year has offered developers a chance to focus on optimizing cost, despite the increasing input prices, by deploying technology and bringing innovation to their offerings for keeping the segment afloat in 2022 and meeting consumer demands.

Last-mile delivery in Warehousing – The pandemic accelerated the pace of the e-commerce industry to meet the consumers' needs for increased home shopping. Swift fulfilment and timely distribution of orders became a priority of every online shopping experience. This has led to last-mile delivery with city-specific local warehousing touchpoints.

To sum up

The current industry trends indicate that the future of Indian real estate not only looks bright but is set to do better in the coming years. There are several dynamics that will continue to impact the multiple touchpoints of the real estate industry, such as: prices, buyer behaviour, demographic shift, cost of raw materials in general. Hence, affordable, self-sustaining properties with a consumer experience centric approach will lead the way for the industry in the coming year.