

Home > Industry

For realty, 2022 will be game of wait and watch

The uptick from last year will continue to gravitate the industry, hopefully, towards stable waters

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THE Indian real estate market marked a new era of development, enabled by digitalisation and evolving market demand. Close to two years into the pandemic, the real estate industry is coming to terms with how the pandemic has rewritten every expectation of how people live, work, and interact. Consumer mindset has undergone change and brought segments like affordable housing and mid-segment homes into the forefront. As we ushered in 2021 with a pandemic-puzzled economy, the Real Estate industry too was able to lay the groundwork to pave the way for a new era of growth, innovation, technology and investment trends.

2021 in a nutshell

As one of the most promising sectors, the Real Estate industry brought forth a plethora of innovative offers and campaigns, each carefully designed to address the queries and concerns of a pandemic-stricken customer base. There were several lifestyle changes amongst buyers, that occurred as a consequence of the pandemic, including but not limited to:

All these changes were accurately catered to, by the Real Estate industry in a timely manner, incorporating the growing trends into their new offers and campaigns. The industry also instigated plans with an emphasis on affordability, which remained as one of the most prominent factors amongst buyers. The Real Estate industry thereby, showed an astonishing swiftness in bouncing back from the damages caused by the pandemic in 2020, adapting to the changing demands of the consumers, while also implementing innovative ways to satisfy those demands.

Reliable policy support through funding mechanisms provided by the Government for delayed housing projects, low mortgage rates, reduction in stamp duty and property registration fees, also played a significant role in getting the Real Estate industry back on track. This financial backing along with attractive schemes introduced by the developers further strengthened the confidence amongst buyers.

The year 2021 also witnessed a surge in growth towards digitization and technology.

Emerging trends in 2022

Affordable housing segment: In 2021, the affordable segment was one of the leading consumer trends. Over half of the housing demand in the markets was driven by the affordable segment. As a result of this development, the coming year has offered developers an opportunity to focus on optimising costs by utilising technology and innovation in the digital space. This will keep the segment afloat in the coming years and help in meeting increasing consumer demands.

First-time homebuyers to purchase dream homes:

There has been a surprising shift in property buying trends with buyers investing in luxury projects despite the pandemic. The significant rise in demand for villas, independent houses and plots can be attributed to a realisation amongst buyers of the irrefutable value that a house provides in a pandemic. There is also a growing yearning amongst buyers for bigger, greener homes with facilities like healthcare and daily necessities within walking distance.

Flex workspaces:

In today's uncertain environment, companies prefer to maintain flexibility in their commitment to office spaces. Businesses across sectors have started to opt for co-working locations over offices, with an intention of optimizing costs and achieving better employee engagement under the current lockdown circumstances. Companies have fragmented their offices across Tier 1 and Tier 2 cities, offering flexibility to their employees. The pandemic has changed the rigidity of working hours in offices, perhaps forever, with more companies realising the importance of having amenable working options.

Data Centres:

The pandemic accelerated demand on the industrial front, specifically for warehouses, data centres, and distribution centres. India's transformation into a 'digital economy' created a huge upswing in demand, resulting in a boost for other areas as well, such as fintech, e-commerce, media, and education. According to a recent industry report, the demand for data centres is predicted to increase by at least 15-18 million sq. ft. by the year 2025.

Fractional ownership:

Another trend that has become increasingly popular since the pandemic is the concept of fractional ownership, especially in commercial Real Estate. Investors are being offered fractional ownership by online investment platforms along with high yield returns. The concept has garnered a lot of popularity and is predicted to reduce the financial burden that a sole investor of a property would have to suffer.

Warehousing:

The pandemic accelerated the pace of the e-commerce industry to meet consumers' needs for increased home shopping. Swift fulfilment and timely distribution of orders have become a priority for any buyer engaging in online shopping. This has helped in achieving the last-mile delivery along with city-specific local warehousing touchpoints, throughout the country.

The year 2022 will be a game of wait and watch. For now, there is no major threat for the residential or commercial sector. The uptick from last year will continue to gravitate the industry, hopefully, to stable waters. Commercial office space is likely to remain a dominant sector, spike in residential, industrial, and warehousing, are likely to strengthen the industry in 2022. India's sharp roll-out of vaccines and with important reminders from last two, 2022 looks to be a promising year that will reinforce some of the structural trends impacting demand across segments.

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