

Investment

Real estate - the year gone by and emerging trends

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This Article is meant for [Home Buyers](#)

Indian real estate has performed well in 2021, recovering from the pandemic induced lockdowns and effects on the overall economy. In 2022, affordable housing, data centres, warehousing, flex workspaces etc. could define trends for the sector.



The Indian real estate market marked a new era of development, enabled by digitalisation and growing market demand. With each passing week, the word "normal" was redefined for all aspects of daily activity, and it was no different for businesses. While the transition was exhausting, governments and private businesses alike were able to implement new methods and adapt, using imagination, innovation, and digital transformation, to change the way we lived and worked. As we ushered in 2021 with a pandemic-riddled 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

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:

- a demand for additional space
- an increase in the perceived importance of owning a home
- a surge in demand for residential properties in tier two and three cities

All of these changes were accurately researched and catered to by the real estate industry in a timely manner, incorporating these growing trends into their new offers and campaigns. The industry also instigated plans, emphasising affordability, which remained 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 public while also implementing inventive ways to satisfy those demands.

Reliable policy support through funding mechanisms provided by the Government for delayed housing projects, reduction in stamp duty, low mortgage rates, 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 digitisation and technology in the real estate industry. With a considerable increase in the occurrence of digital launches, virtual property events, data analytics, and cloud-based services, a new world was explored with innovative and sophisticated methods being used to meet demands and to interact with the customer base.

Emerging trends to watch out for 2022

Golden opportunity for 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. Under the current circumstances and the prevailing changes in affordability, the coming years may see increasing numbers of first-time buyers trying to find their dream homes.

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 studies conducted, the demand for data centres is predicted to increase by at least 15-18 million sq. ft. by the year 2025.

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 resulted in last-mile delivery with city-specific local warehousing touchpoints throughout the country.

Fractional ownership: Another trend that has become increasingly popular since the pandemic is the concept of fractional ownership, especially in commercial real estate. Online investment platforms have been pursuing investors by offering them [fractional ownership](#) 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.

Affordable housing segment– In 2021, the affordable segment was one of the leading consumer trends. Over half of the housing demand in the markets were driven by the [affordable housing](#) 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.

Flex workspaces: Companies prefer to maintain flexibility in their commitment to office spaces in today's uncertain environment. Businesses across sectors have started to opt for co-working locations over offices, with the intention of optimising costs and achieving better employee engagement under the current lockdown circumstances. Companies have fragmented their offices across tier one and tier two 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.

In all, with demand back to pre-record levels, the year 2022 will be even better as the sector now has adapted and learned to prepare better for any impending challenges arising in the future. While the commercial office space is likely to remain a dominant sector, an uptick in residential, industrial, and warehousing are likely to strengthen the industry in 2022. With leading players' focusing on driving end-user-driven choices, self-sustaining affordable properties with a consumer experience-centric approach are the industry's future.