



# Laying Foundations for the Future

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**A**FTER WHAT CAN ONLY BE described as a year of remarkable resurgence and growth, the real estate sector promises to scale new heights in 2022. As the demand for housing rises and the government strengthens its impetus, the market will present abundant opportunities for sellers and buyers. The pandemic-led uncertainties have fundamentally altered customer preferences and significantly impacted buying patterns. Over the last 20 months, homeownership has emerged as a compelling aspiration.

With the widespread adoption of hybridised work structures, the need for multi-functional spaces and smart amenities will sustain in 2022. With commute-to-work no longer being a prominent factor, properties on the peripheries will witness greater traction. A recent ANAROCK study revealed that 68 per cent of aspiring homebuyers are looking to move to suburban areas. Health-focused features like access to green spaces and designated areas for fitness will remain a top priority for homeowners.

We will also see more customers expanding to non-apartment asset classes like plotted developments in larger numbers. This can be attributed to the greater flexibility and profitability margins associated with such investments.

## Trust at the Centre of Business

In the highly competitive real estate landscape, customer experience will be the core differentiator and measure of success for realty players. As we stand at the precipice of a new era, discerning the current

needs of the homebuyer will be inadequate; developers should be equipped to anticipate the expectations of tomorrow as well.

While technology will continue to bridge the gap between builders and customers, it will also play a bigger role in shaping the customer experience. With the adoption of IoT (Internet of Things), homes are now more automated than ever before. Therefore, builders and developers would be compelled at providing intelligent homes to new homebuyers looking

for contemporary and innovative living spaces. Homes would come pre-installed with Google Home devices that would allow residents to convert their living spaces into voice-enabled smart homes, giving the resident control over compatible smart home appliances, listen to music on demand, stay on top of their day-to-day activities. Marrying tomorrow's technology into home construction solutions would become and should become a norm and not an afterthought. As the market becomes increasingly end-user-driven and hinged on virtual processes, generating trust will be a non-negotiable imperative. With more homebuyers opting for reputed developers, the latter will be tasked with creating a transparent and seamless buying experience.

## Mapping the Growth Corridors

The year 2022 will herald active growth, innovation, and investment in the Indian realty space. New opportunities will emerge across residential and commercial segments of the real estate industry.

A recent report by ANAROCK states that new residential unit additions in-



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creased by 90 per cent in Q3 2021. Therefore, we can predict the emergence of new housing markets that will drive the demand for commercial infrastructure. The report also predicts a 5 per cent price appreciation across the residential segment.

On the other hand, due to the aggressive hiring cycles, most led by IT/ITes firms, coupled with an increased desire for flexibility, coworking spaces are likely to witness a demand spike.

According to IBEF, by 2022, India will become the third-largest market for construction across the globe. With the government looking to boost the segment and a notable inflow of FDI (13 per cent of the total share in FY21), this industry will be one of the drivers of economic growth in quarters ahead.

The sector is ready to take advantage of the surge in economic activity. Therefore, data centres and warehouses will continue to receive attention in the year to come.

All the key market forces point towards strong sector growth; most realty stocks are witnessing a bullish market cycle and outperforming their peers. We further anticipate the bull run to continue in 2022.

### **Will Some Markets do Better?**

Drawing from our on-ground research, the markets in the South will see enhanced growth and recovery compared to the other regions. This can be attributed to developers prioritising the completion of delayed projects, limiting new project

launches and placing a greater focus on customer-driven decisions. Since the landscape is more end-user driven, developers will continue to innovate on behalf of the customers and take active measures to bridge the demand-supply gap.

Ecommerce, IT firms, startups (unicorns) in cities like Bangalore, Hyderabad, and Chennai are expected to be the key contributors in demand for residential and commercial segments. These will also be among the most preferred markets for NRI investors. With an increasing number of buyers opting for better affordability and connectivity, well-connected regions (especially peripheral areas) will likely witness a rise in property prices.

### **Concluding Thoughts**

The future of Indian realty will be characterised by accelerated digitisation and a discerning customer base. While the concerns around the new variant continue to whirl, the sector's impressive recovery inspires confidence among stakeholders. Reputed players across the segment have attempted to distil the steep learning curve of 2020-21 into actionable strategies. Hence, we are optimistic that the sector is better prepared to navigate contingencies.

Going by the market indicators, sustained government stimulus and industry predictions, the industry is positioned for exponential growth and lower volatility in 2022. **BW**