

How Millennials are impacting the Indian real estate sector

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The Indian real estate sector has evolved drastically over the years, and despite the current slowdown, has overall been a progressive and innovation-led segment. The sector is estimated to grow to USD 650 million by 2025, contributing up to 13% of GDP from the 6% -7% contribution in 2017.

From ease in acquiring home loans, RERA, affordable housing and the fast-developing urban infrastructure and transport have all led to this growth. However, there is one segment that has impacted the development of this sector more than most. The new segment of millennial consumers! As per a report in 2019, up to 20% of potential home buyers were in the age group of 25-30 years, making them an important set of consumers for real estate developers. Needless to say, these cannot be ignored. Listed here are some trends that have been inspired by this new consumer:

1. Smart homes and Green Construction: As a generation driven by technology, millennials have been at the forefront of experiencing and consuming the best of modern innovation. This has led to the concept of smart homes which leverage the IoT, ML and AI technology to bring together a home fit for the generation of the future. Further, as responsible and earth-conscious citizens, they would like to leverage these technologies for creating energy-efficient, green homes, thus driving the trend of 'Smart' and 'Eco-friendly' homes.

2. Shared Lifestyles: With a strong focus on experience Vs ownerships, most millennials are averse to buying/ investing in a residential property until later in life. For now, they are happy renting their spaces and remaining asset light. Shared spaces, at both work and home, offer a platform to interact, exchange ideas, and explore new experiences and avenues together, in a relaxed and fun manner. Co-living offers them all that, with shared home expenses. A similar trend in the co-working spaces has transformed the commercial real estate, with more start-up's and gig economy freelancers preferring the vibrancy of a co-working office for inspiration and networking, over a stand-alone workspace.

3. Boutique spaces: Individuality and a personal sense of style are strong traits in millennials and this is also reflected in their choice of space. While shared spaces and co-living/ co-working are popular, when finally seeking to move into an independent space, millennials are looking for apartments or homes that suit their personal sense of style. Most singles and young couples are seeking contemporary spaces like studio apartments and flexible 1RK/1BHK spaces that offer a perfect mix of open and practical use of space. This has led to many contemporary

builders offering more homes in studio, 1RK, and 1BHK segment, making it affordable yet well designed and spacious.

4. Digital marketplace: Like all other aspects of life for a millennial, house hunting also begins with apps. The rising trend of the e-portals for real estate has transformed the way homes are selected, shortlisted and bought. Apart from property, these portals offer ancillary services like formats for rental agreements and registration documents, easy calculation and comparison of home loans and also provide locality and neighbourhood reviews, helping buyers/ renters to make an informed decision. From the erstwhile brokers and middlemen led purchases to platforms that allow owners and builders to directly connect with prospective buyers, has brought about ease of access, and sped up the process of buying/ renting.

5. Second homes/ Weekend homes: While their parents and grandparents invested and built a single, large home for the entire family, millennials have been increasingly eying homes that are away from the city centre. The rapid increase in the popularity of second homes and weekend homes can be attributed to the need of seeking a balanced and enriched lifestyle. As a result, most millennials prefer to invest in a relaxed weekend home on the outskirts of the city, with a promise of appreciation and a peaceful, serene environment, along with a home in the middle of the urban chaos.

As per a report by KPMG, the Indian real estate sector is expected to touch USD 1 Trillion by 2030, to become the third-largest sector in the world! While the above trends have been shaped by millennials, factors like security, ease of commute, the convenience of neighbourhood, socio-cultural reservations, and cost of living are largely influencing buying and renting behaviour patterns of these future set of consumers. Addressing these would help accelerate the growth to reach and surpass the global USD 1 trillion goal for the Indian real estate.