

Realtors' focus on mid-income, affordable housing set to continue in 2021

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Kailash Babar ET Bureau Updated: February 24, 2021, 17:56 IST



Real estate developers' focus on mid-income and [affordable housing](#) segments is expected to continue this year too after the sector witnessing more than 80% of the new launches in the sub-Rs 1 crore category in 2020.

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Developers in the past few years have already been focusing on aligning supply with demand. The government is also committed towards boosting affordable housing and the recent Union Budget has extended the benefit of additional interest deduction on home loans for first time home buyers in the affordable segment. Further, there is a time extension to claim the tax holiday on profits from affordable housing projects until March 2022.

“In the second quarter of FY2020-21 when the GDP showed higher than expected recovery, the housing market showed some initial signs of recovery, with sales increasing by 34% on a sequential basis. In Q4 2020, there were growing uncertainties around the economy with reducing jobs, which led to an increase in the pace of recovery in residential real estate. New launches and sales across the seven key markets under review witnessed a significant jump,” said Samantak Das, Chief Economist and Head Research & REIS, JLL.

The organised shared housing market in India has seen the influx of several organised players in a bid to tap the opportunities arising out of the strong demand from a growing millennial workforce and student population. While the market took rapid strides in the past few years, 2020 brought the co-living and student housing sectors to a grinding halt.

As migrant millennial workers move back to the major cities and higher education institutes resume physical classes, occupancy levels in organised setup are expected to go up and gradually return to 2019 levels by the end of 2021. There will be an increased focus on health and wellness aspects in the post-COVID era, which is expected to drive demand for organised co-living and student housing setups, the report said.

Senior citizens living alone were the most impacted during the pandemic. The role of organised senior living facilities, which are designed with senior friendly amenities such as medical support on call, services for food, housekeeping and assistance around the clock became more prominent during these trying times. This has increased the attractiveness of such facilities and demand for organised senior housing setups is expected to pick up in the near future.

Record-low interest rates and time correction in property prices is making it a buyers' market. This has resulted in improved home purchase affordability, as shown by JLL's Home Purchase Affordability Index. A combination of increased home purchase affordability and improved consumer sentiments will further lead to the translation of pent-up demand into sales.

The increase in home purchase affordability has been one of the most important

factors driving sales and paving the way for buyers to return to the market. Furthermore, the market is also witnessing renewed interest from [Non-Resident Indians](#) (NRIs) impacted by economic uncertainties in Europe and the Middle East.

“With economy picking up and employment witnessing stability, housing sales are expected to sustain the existing momentum for the year 2021. All segments, which includes luxury, premium, mid-segment housing, and affordable, will see renewed demand from the end users. With the property prices bound to go up because of the rising demand, investors are likely to come back to the market by last quarter of 2021. In short, residential businesses can look forward to a rounded growth with both supply and demand soaring,” said Siva Krishnan, MD & India Head, Residential Services, JLL India.

A healthy lifestyle has become a key criterion for homebuyers, resultantly, preferences have tilted towards larger homes in self-contained complexes with facilities like gym, green open spaces, and access to daily necessities. Moreover, with work from home becoming a reality, product metrics are likely to change. Apartments with balconies and open spaces are expected to be preferred with increased importance of study rooms, good network and broadband speed as well as acoustics.

Additionally, remote working practices are expected to increase the attractiveness of suburban markets. Suburban markets offer lower density environments and more spacious apartments at affordable rates. Since, travel to the office may no longer be an everyday activity, the importance of connectivity to office hubs will no longer dictate home purchases.

The rapid adoption of technology in Indian real estate is expected to continue with the COVID crisis expediting the entire cycle. As physical interactions are restricted, there has been a significant change in the way activities are carried out. Concepts like online construction progress monitoring, property videos, use of virtual reality to shortlist properties followed by site visits in the final stages of decision making will gain acceptance.

This uptrend is expected to continue in the times to come. While many may still be reluctant to make such a large purchase without a physical site visit, the digital tools that were used in 2020 are sure to stick around throughout 2021.

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