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Real Estate will witness enhanced growth in 2022



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The year 2023 is being touted to be a good year for the real estate industry. Trends are pointing towards continued growth with housing sales projected to reach pre- demonetization levels. With the focus gradually shifting from rented homes to owned homes, developers are keeping in mind features that would appeal to the millennial customer and incorporating them in their projects. Several potential buyers have realized that rental values are equivalent to EMIs and are making the switch. Favorable economic outlook continued hiring in the IT and Its sectors, and increasing disposable income are some of the key drivers for the projected growth. Infrastructure development in tier II and III cities, better connectivity to major business hubs and better employment prospects are driving the demand for housing in smaller cities and towns. Other trends that the real estate market will witness in 2023 will also include such as increased

suburbanization, focus on integrated and mixed-use development, and rise in housing demand in T2 and T3 cities. Younger and first-home buyers will dominate the market. Let's look at some aspects that will drive the trend in the coming year.

Suburban Living:

Most suburbs today offer almost all amenities that a city does. People are increasingly preferring to look at homes in suburban areas, given that they get the added advantage of greenery, more open spaces, more privacy and comfort, improved infrastructure in terms of roads and public transport and most importantly lower prices for larger living spaces.

The factors that is contributing to the growth in preference for suburban areas is the

Burgeoning growth of large cities and space constraints. Additionally, the hybrid work model that several corporates have adopted allows for the work from home option and is another element that is influencing preference for suburban living.

Integrated and Mixed-Use Development:

Potential home buyers, are also on the lookout for integrated and mixed-use developments. There is an increasing preference for quality developments like gated communities with integrated infrastructure which provide an aspect of safety, minimum work commute, proximity to daily essential stores, gymnasium, recreation parks, gardens, entertainment, healthcare facilities and schools. A sustainable ecosystem is another aspect that potential home buyers are looking for. In other terms, people are looking for a live-work-play environment. Many of these customers are also looking for like-minded peers so that they can be part of a closely knit social fabric. The demand for larger homes will continue in the coming year as well.

Tier 2 and 3 City Growth:

Large land parcels in Tier 2 and 3 cities and towns are easily available and developers are targeting these cities riding on fact that many companies and startups are looking at low cost locations to set up either satellite offices or mainstay operations using local manpower. This in turn creates the demand for residential real estate. Growth will be accelerated in Tier II cities that are closer to large metros, as they offer similar amenities at a scaled down level. These cities are also being looked at as having large investment prospect, given their development potential.

Market Consolidation:

Now that the pandemic is at its endemic stage, people are once again looking at real estate as a serious investment opportunity. The real estate market in India is

expected to consolidate even further during the year 2023 favoring larger established developers, who have won the trust of the customer. Established and listed developers have been able to garner much higher sales with easy access to capital. Large developers also have the ability to take over stalled or unfinished projects and have the wherewithal to acquire smaller developers or to get into a joint development agreement with them. Going forward, a large chunk, almost 80% of the demand, will be accounted for by established developers.

The real estate market has primarily witnessed rapid growth in demand from cities including Mumbai, NCR, Bengaluru, Pune, Hyderabad, Chennai, Kolkata, and Ahmedabad. While the demand from these cities is projected to increase, demand from Tier II cities will further enhance growth. Larger homes with smart digital amenities, ready to move in inventory and increasing preference to own homes will drive the growth of the residential real estate market.