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6 trends expected to shape realty MARKET IN 2020

Prominent among some trends likely to amplify their impact in 2020 are:

1. Consolidation: In a slowing economy with a strained liquidity environment, larger players with a diversified portfolio and sustainable debt will continue to dominate the real estate landscape. Developers with institutional partners will have the financial muscle to enter new geographies and invest in both greenfield and brown-field projects. The co-working market in India has over 350 players and 2020 is likely to see significant M&A (merger and acquisition) activity in this space.

2. Enhanced role of government: The government has always played an important role in the real estate sector, but it is even more indispensable in the current business environment. "As RERA implementation evolves across the country, developers will be forced to adopt compliance and transparency in their

processes to stay relevant. With initiatives like the 'stressed assets fund' and steps taken to provide liquidity to NBFCs, the government must play a major role in 2020 to resolve some of the pain points of the sector," **Aashish Agarwal**, senior director (valuation & advisory services) of Colliers International India, said.

3. Low interest rates: Despite the fiscal stimulus and interest rate cuts, GDP growth has weakened to 4.5%. Given the focus on reviving growth, interest rates are likely to stay low for most of 2020. Homebuyers should evaluate the opportunities of this low-interest environment and compare the cost of buying to renting.

"With multiple repo rate cuts in 2019, interest rates are already lower and are expected to remain so in the near future. This trend will prevail, as it is a compulsion owing to the demand in market. The government also must make sure that the home loan interest rate remains in check, otherwise market may suffer. Prices are already at their lowest possible point, looking at all the costs," **Manoj Gaur**, MD of Gaur's Group and chairman of affordable housing committee, Credai, said.

4. Share in the retail investor's portfolio: "The successful listing and returns from India's first REIT offer-

ing will encourage more retail investors to incorporate REITs in their financial plans and participate in the opportunities offered by prime income-generating commercial assets, an asset class currently dominated by institutional investors. In line with the trend over the past 18-24 months, prime commercial assets in Tier I cities will continue to see fierce competition for investment and yield compression in select micromarkets," **Aashish Agarwal** says.

5. Looking beyond major cities: Developers are likely to sharpen their focus on opportunities beyond the top metro cities in 2020. With improving civic amenities, metro rail connectivity, and infrastructure projects like high-speed rail and airports in the works across several cities in India, economic activity and consumer spending are likely to attract investments across residential, retail, hospitality, and warehousing asset classes.

6. Product choices: With evolving customer maturity, developers will focus on offering aspirational, yet value-for-money offerings. Customers will have access to products with better amenities, embedded technology like in smart homes, as well as access to serviced offerings like co-living.

—Mamta Sinha

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Much like the rest of the economy, the real estate sector is in a phase of transition — which renders traditional business models obsolete and requires companies to be at the forefront of customer centricity, product mix relevance to market, innovation and technology adoption

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