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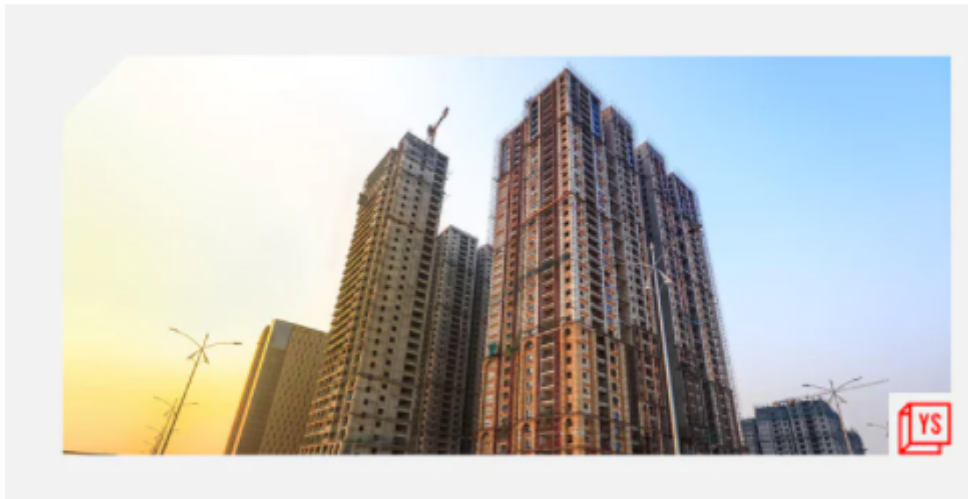
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EXPERT OPINION

The landscape of the real estate sector in India in 2022

By Vaibhav Jatia | March 17, 2022



An industry that was earlier broken, unstructured, and unorganised, the real estate sector is today brimming with new concepts, innovative solutions, and efficient practices.

Today, the Indian real estate sector stands at an interesting juncture. In the past few years, it has witnessed a slew of changes -- be it demonetisation, RERA, the introduction of GST, or the fallout from the COVID-19 pandemic. All these measures, reforms, and scenarios have triggered an evolution in this industry.

That being said, the realty space responded to these transformations in a commendable manner. An industry that was earlier broken, unstructured, and unorganised, is today brimming with new concepts, innovative solutions, and efficient practices.

At the start of 2022, it is safe to say that the Indian real estate landscape has now emerged in a "new avatar".

A new realty ecosystem

Today, the real estate sector has opened the doors for a myriad of opportunities and alternative asset classes such as student housing, co-working, and ResiTel. There is more transparency, reliability, and accountability as compared to a couple of years ago.

These changes have helped nurture an ecosystem where investors feel safer in parking their money in real estate assets. However, if you look closely, you will notice a dichotomy that permeates the entire sector. The Indian real estate market has contrasting views to offer its stakeholders.

For instance, in 2021, the industry received approximately \$51.5 billion in FDI. Though this figure sounds enticing, there is still a plethora of emerging and even large-scale developers who find it difficult to secure adequate funds for upcoming projects.

Another example is public opinion, which suggests that owning a house is not a lucrative investment because the return (rental yield) is not so promising.

Even with this perception making the rounds, millions of individuals, irrespective of the size of their city or income class, still consider buying a house a dream come true. If real estate was not a prudent investment, people would not spend their life savings to purchase a house.

Increased focus on the real estate industry

The real estate industry has also seen the introduction of numerous frameworks, bodies and regulations, such as RERA - Real Estate Regulatory Authority. This initiative was undertaken with the sole purpose of providing property buyers with a transparent purchase experience.

It was established to ensure a fast grievance registry and redressal. The primary objective of RERA is to drive home transparency and promote security. The central and various state governments have also launched several projects to improve the way transactions happen in the realty market.

Although these endeavours carry a positive motive, sometimes they seem like just another layer of litigation, and the issue at hand often gets more complicated rather than getting simplified.

Moving on, the governments are also making efforts towards accelerating the completion of various stalled and delayed projects. There are measures and schemes like ESOPs supporting affordable housing and single-window clearance systems for speedy approvals. However, in many cases, builders and developers grapple to enjoy these benefits.

When you look at the real estate sphere in mega-cities like Mumbai, New Delhi or Bengaluru, the property rates can burn a hole in the buyer's pocket. Especially in the country's financial capital, the rental rates, in light of the size and nature of the property, are astonishingly high.

Despite hurdles, growth trajectory looks positive

Despite these gaps and challenges, with every passing year, the Indian real estate industry becomes increasingly robust. The number of problems tends to reduce, and more dynamic solutions replace old patterns. In current times, developers and builders are capitalising on technology and leveraging modern concepts to come up with models, plans, and designs that are futuristic.

Construction styles that make a space look bigger and more open, and are becoming more and more popular.

Concepts like student living, co-living, data centres and many more will acquire the centre stage. Builders are even looking for cost-effective ways to construct properties to make prices competitive. Affordable housing is another goal the entire industry is collectively working to achieve.

Another focus point will be the construction of top-quality properties. Initially, quantity was a priority, but today, buyers are demanding world-class amenities at reasonable rates. For investors interested in this sector, there are numerous new asset classes like ResiTel and REITs that they can explore to enjoy promising returns.

For instance, by investing in a ResiTel property, you can enjoy the experience of quality construction, the advantage of rental yield, and no maintenance costs. With REITs, you can invest in listed properties and earn dividends, backed by a physical asset.

The real estate sector might not be perfect, but it has always demonstrated an appetite for growth. In 2022, it will continue to move towards maximising its potential as an industry.

Edited by Megha Reddy

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the views of YourStory.)