

Buyer's preference has shifted primarily to affordable and mid-segment homes: Bijay Agarwal

By: Sanjeev Sinha | June 01, 2021 12:40 PM

In an exclusive interview, Bijay Agarwal of Salarpuria Sattva talks about how real estate is coping with the changes in times of the Covid pandemic and what is the sector's strategy to remain in shape.

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*With the present emphasis on remote working, the value of owning a home has been re-established as a secure and necessary investment. Residential real estate demand in 2020 has acted as a trigger for the sector's revival. Besides residential and commercial real estate; warehousing, co-working spaces and data centres will be in the limelight in 2021, says **Bijay Agarwal, Managing Director, Salarpuria Sattva**, adding that corporates that are exploring to reinvent themselves and coin out-of-the-box solutions to stay connected with their stakeholder, will triumph in the post-COVID era.*

In an exclusive interview with Sanjeev Sinha, Mr Agarwal speaks on how real estate is coping with the changes in times of the Covid pandemic and what is the sector's strategy to remain in shape. He also shares his business outlook and growth strategies. Excerpts:



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COVID-19 has changed the way we work and live, and is going to have a longstanding impact on many sectors. How is real estate coping with these changes and what is its strategy to remain in shape?

The pandemic has changed our perspectives on real estate. As we accept new norms, particularly in our workplaces and homes, the

way we work has changed as well. The impact of COVID has also drastically altered consumer sentiments across industries and real estate is no different. With the present emphasis on remote working, the value of owning a home has been re-established as a secure and necessary investment. Residential real estate demand in 2020 has acted as a trigger for the sector's revival.

We should expect grade A office spaces to stay and requisite measures to be taken to maintain physical distancing and other precautions that are part of the new normal. Low interest rates and global liquidity have also contributed to an increase in real estate transactions. Besides residential and commercial real estate; warehousing, co-working spaces and data centres will be in the limelight in 2021.

The sector has always been a safe haven for capital and will continue to be. However, the pandemic has taught us all to adapt and be agile.

Have you witnessed any new trends in the residential segment? Are there any changes in buying behaviour also?

During the past few months, homes have been transformed into offices, classrooms for our children, and a place for us to relax. In times like these, potential home buyers seem to prefer multi-functionality, gated communities and homes with additional amenities. There is a clear shift in the importance of owning a house when compared to renting one. Millennials who want to own a place are looking at home loans with attractive interest rates to invest in real estate. As a result, demand for residential properties has increased.

One other key trend observed was the change in strategic marketing efforts teamed with innovative schemes. At Salarpuria Sattva, we could see sales of residential units doing even better than the pre-Covid period. The sales were up by 20% as compared to 2019 and showed a dramatic upward curve of 25% from June of 2020, when compared to the pre-Covid year.

What do you think about the rise in demand for residential projects in tier 2/3 cities in India?

The pandemic made people to move back to their hometowns. This “reverse migration” has benefited real estate markets of Tier2/Tier3 cities like Indore, Kochi, Coimbatore, Ahmedabad, Jaipur, and Mysuru, to name a few. This move would benefit not only the smaller cities by rapid urbanization but also the occupants who would benefit from the superior infrastructure available in these places. Due to this, there will be an exponential increase in demand for townships as well as commercial projects in Tier2/Tier3 cities. This trend has opened doors of opportunities and new markets to discover and expand for developers and for buyers to own a property in their hometowns.

What are the focus areas of your company and according to you, which vertical has been doing well – residential or commercial? What are the trends you have noticed in both verticals?

The way people invested in real estate has changed as a result of the new normal. The residential market is expanding as more people realize the importance of owning a home. Buyer preference has shifted primarily to affordable and mid-segment properties in the residential segment, which has seen a growth recovery in demand. The luxury sector recuperated post the lockdown & continues to experience a fair growth rate. This trend reiterated the need for space for work and recreation which inclined consumers towards not compromising on the size of the house.

Although commercial spaces saw an increase in the pre-COVID period, due to the extended work-from-home option, occupancy in office spaces faced a slowdown. Corporates that are exploring to reinvent themselves and coin out-of-the-box solutions to stay connected with their stakeholder, will triumph in the post-COVID era.

At Salarpuria Sattva, we are focusing on our flex spaces vertical, Simpliwork, which is based on the 'Built to Suit' model. We have managed to not only retain 100% of our long-term clients, but also secured new leasing during the pandemic which is truly exceptional.

What kind of growth you foresee in commercial considering work from home is going to stay for a longer time?

In the commercial working segment, companies that invested in digital capabilities saw great progress with remote working policies, which is expected to continue at least until the end of 2021. Developers are working on renovating and reutilizing office spaces, to provide innovative solutions towards a more agile workspace. The design will play a crucial role in the shared economy spaces; trends of co-working are likely to spruce up, as there will be a considerable shift in employee ratio, with flexible remote working opportunities.

Once things are normalised, there will be a greater demand for flexible leasing arrangements. This will push the demand curve up for shared space. This upward trajectory of co-working spaces will elevate the worth of the projects in this space. According to an industry report, the share of co-working space in office leasing is going to increase manifold in the near future to the tune that every office building might have a section designated for a co-working space.

Any other business venture that you are planning and your growth strategies?

In Bengaluru, we have three new housing projects planned for launch this year in the residential sector which account for 1,200 units, including 500 plots. One of the projects out of these is in the affordable housing category. In our commercial portfolio, we currently have a 12 million sq ft area under construction and have further plans to start construction on another 8 million sq ft next year.