

ARTICLE WAVE CITY

The growth of rental housing in 2025 & beyond By Mr. C J Singh, COO, Wave City.



The modern Indian real estate patron is no longer willing to settle for less, when it comes to residential real estate. In the midst of a buoyant economy, robust technological advancements and rapidly multiplying infrastructure, people are seeking homes that offer topline amenities and niche living which is fuelling the growth of rental housing in India.

A report by the World Bank points out that India needs about \$55 billion in infrastructure on a yearly basis to cope with the growing needs of urbanization. Therefore, a rental model could bridge this gap and address the challenges posed by swathes of migrating populations in urban areas, but will also address affordability needs for students, young professionals and small families who are looking for a quality lifestyle.

In the short term, around 40 million households are anticipated to depend on rental accommodations, with urban centers like Bengaluru, Mumbai, and Hyderabad experiencing the greatest demand. While the prices of plotted residences, semi luxury, luxury housing and integrated townships have soared, not everyone is willing to shell out large sums for their dream home. Despite the lending rate and low interest, many consumers are fighting shy of loans and extra financial burden on their pockets and financial investments. Therefore, with disposable incomes, new job opportunities, rise of new career opportunities and a plethora of real estate housing options, many customers are making a beeline for rental living.

Getting an ownership of a residence is by no means an easy task in modern cities who are jostling for physical space with a huge surge of professionals heading there for work opportunities. In this scenario, rental housing is steadily gaining traction as it does not involve tedious processes, maintenance burdens and can be easily shared with a number of like-minded people at the same time, thus lowering the costs of living in a posh area or township.

Some of the other reasons that are driving the rental housing market are:

1. The right push from the government: According to CBRE, the key reforms that have come into play are the Pradhan Mantri Awas Yojana (PMAY) scheme, Real Estate Regulator Act and the impetus to the Affordable Housing Segment. The sector is already witnessing green shoots of revival as developers, end-users and investors embrace the changes these new policies bring in.

2. An uptick in corporate home rentals: As the Indian economy continues to flourish and drive businesses, corporates have paved the way for rental housing to spike, in India. With top honchos relocating to big cities, global heads and expats flying down for projects and business meetings, corporate leasing is on the rise.

3. Ease of movement and Gig Jobs: Post-Covid, like their global peers, professional spaces across India is still open to unboxed job roles and opportunities that accommodate both gig, flexible and remote work, besides a typical 9 am to 5 pm job. This means that there is increased opportunity of striking a balance between work-life, while living in a high-end area or residential society or township, without compromising on quality. If people want to switch jobs, they can easily move from one city to another without worrying about renting out their own home or maintaining it without being away. That ease of movement is a big relief.

4. The joy of sharing: Millennials, Gen Z and singletons are preferring rented spaces and are willing to share a single flat between two or more people in a luxury living space. This meets the aspirational needs of consumers who want to enjoy amenities like gymnasiums, clubs, trainers, recreational and sports facilities besides others.

A study by 99 Acres states, "Generation Y sees homeownership differently than their parents. Earlier, generations moved to outlying areas to fulfill their homeownership ambitions, but millennials are looking for properties that enables connectivity to their workplace and provide convenience and security.

It won't be surprising if India moves towards Built to rent model in the future.