

A paradigm shift in rental realty dynamics

The rental property market in India, with holiday homes, farm stays, plantation bungalows, seaside residences, and vintage mansions, is experiencing unprecedented growth.



Saipem Hills by Sun Estates Developers in Goa.



TOP STOREY
Kausar Firdausi

The vibrant tapestry of India's rental property market, adorned with holiday homes, plantation bungalows, seaside residences, farm stays, and vintage mansions, is witnessing an unprecedented surge. Industry experts and stakeholders believe that as the demand for unique and experiential accommodations rises, this segment's future trajectory points towards remarkable expansion.

Dr Niranjan Hiranandani, chairman, NAREDCO National, points out that recent developments in consumer behaviour, macroeconomic conditions, evolving lifestyles, technological adoption, sustainability, and flexibility have contributed to the accelerated growth of the Indian rental market.

According to Munish Baldev, founder and CEO, J.S. Martin & Co., there is an increasing trend towards experiential living, with individuals seeking accommodations

which offer more than just a place to stay. The demand for distinctive and personalised experiences, be it in scenic locations or culturally rich environments, is shaping the landscape of the rental property market.

As per a research report by Axon Developers, the branded rental villa market in the country is sized at USD 329.6 million in 2023. It is set to reach USD 1377 mn. value by 2028, growing at a CAGR of over 33%. While mainstay hospitality will continue to gain strength to strength, alternative segment such as second homes and holiday villas will also play a critical role.

"One of the main reasons behind the

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ADITYA KUSHWAHA
CEO & Director, Axis Ecorp

steep jump is that people now don't want a 250 sq.ft. room in a hotel or a resort. Rather, they want a more personalised space with tailor-made top-tier amenities in a four-bedroom villa. From millennials to multi-generational families, the demand for serviced rental living is rising in India," elaborates Ankit Kansal, MD, Axon Developers.

Despite a high growth segment, the overall market is still relatively unpenetrated. "India has around 10,000 villas that can be used for hospitality purposes as well. However, as per our research there were 1150 branded villas by end of 2023, a modest penetration of 11.5%," adds Kansal.

Many prominent developers are now venturing with a slew of community-styled projects in numerous parts of the country including Himalayan hill stations, secluded sea beaches of India, hilly trails of Sahyadri, backyards of Aravalli mountains, etc.

Goa, with its allure of sun-kissed beaches and eclectic culture, stands at the forefront of this surging growth. "These curated rental experiences, blending luxury with

local charm, not only reflect a shift in lifestyle preferences but also signify a dynamic market poised for continuous evolution and heightened significance in the Indian real estate landscape," avers Suraj Morajkar, MD, Sun Estates Developers.

Aditya Kushwaha, CEO & director, Axis Ecorp, too puts in that Goa is experiencing a remarkable 3-5% surge in rental yields. "Fuelled by a thriving tourism industry and a consistent influx of tourists and expatriates, the coastal state offers a highly lucrative landscape for property investment and second homes," highlights Kushwaha.

The resort home concept has caught the fancy of people from Mumbai due to its close proximity to local tourist destinations like Alibaug, Karjat and Lonavala. "Resort homes in Alibaug are fast gaining traction among investors and homebuyers alike for its propensity to develop as a growing asset class. Post the commencement of the Mumbai Trans Harbour Link, we have started receiving a lot of enquiries for our resort homes project 'Balibaug' at Alibaug," asserts Dr. Sachin Chopda, MD, Pushpam Group.

Moreover, a notable trend is the shift of many homeowners towards independent operations rather than relying solely on existing aggregators, indicating a growing desire for personalised business approaches. "The vacation home space presents an ideal entry point into the hospitality business, and with supportive regulations, the supply side can become robust, ensuring not only meeting current demand but also fostering sustainable long-term growth for all stakeholders involved," assumes Keyur Barad, founder, The Chlorophyll Estate.

Today homes are more about the experiences rather than rental yields and that has led to the rise of a new segment 'co-ownership' platforms. "Why rent a private farm stay or a lovely beachfront home when you can own a share in one (or more) and create priceless memories and engaging experiences without all the hassles of traditional home ownership!" enthuses Anuj Munot, CEO and founder, The Homes Collection.

This changing landscape is shown by the popularity of the Airbnb concept in India. While there are other e-commerce platforms for property rentals, the Airbnb model enables individuals to manage and rent out their properties independently. Additionally, the calculated rental ROIs increase achieving 7% to 9% and even more," affirms Abhishek Raj, founder & CEO, Jenika Venture.

Overall, as Pratik Kataria, director, Sainath Developers & The House of Kataria and committee member, NAREDCO Maharashtra, looks the future trajectory of the Indian rental property market hinging on the persistent demand for unique and experiential accommodations, coupled with government initiatives promoting tourism, such as the 'Incredible India' campaign, which can further bolster the market, especially in tourist-centric locations.

As per Amit Goenka, MD and CEO, Nisus Finance, challenges such as regulatory uncertainties, zoning restrictions, and sustainability concerns may need to be addressed to ensure sustainable growth in the rental property market. Nevertheless, the future of this segment's expansion in India looks bright and full of potential.

cost and employment concerns.

Q In the interim budget, there was a strong focus by the government on infrastructure development. How do you think it will benefit the industrial and logistics sector?

Yes, infrastructure development has been a priority for the government as reflected in the interim budget. Supply chain plays a critical role in any nation, whether observed at the macro or global levels. The most crucial component of any industry is connectivity, and our government has been proactively working towards enhancing the same. Development of railway and logistic corridors, Gati Shakti and proactive support for logistic companies through automation, all contribute to a significant improvement in the ease of doing business.

(As told to Kausar Firdausi)

Q Please provide a brief overview of Avinya Industrial & Logistic Parks. Kindly elaborate on Avinya's 360-degree development approach and how it encompasses various aspects of industrial and warehousing real estate.

Avinya stands for 'innovation' and it was established with a vision to bridge gaps in industrial and warehousing realty sector, by assisting land aggregators in becoming developers. We facilitate professional coordination among large players, capital investors, and small developers. We are focused on developing Grade A plus assets at par with international standards, coordinating with tenants and capitalising on financial opportunities. At Avinya, we work closely with our clients from project inception to execution process stage, covering site selection, financing, design, development, delivery and maintenance.

Q How do you see the current state of the industrial and logistics market? How has the demand for industrial and logistics realty changed in recent years?

The industrial and warehousing sector has shown significant growth, increasing from 78 million square meters in 2015 to 280-300 million square meters today. While CAGR has risen from 5% to 11-12% it is still a sunrise industry with substantial untapped potential and with government's focus on stability and ease of doing business will only propel this growth. Initiatives like PM Gati Shakti Master Plan, which grants infrastructure status and production-linked incentives, aim to bolster the warehousing sector.

Q Tier 2 and 3 cities are now emerging as important real estate and industrial hubs. What are

particular geographical regions for industrial and logistics realty development?

Tier 2 cities hold immense potential for growth, constituting 60-65% of India's population. With the majority population residing outside tier 1 cities, encompassing the North-east, north, west, and south regions is crucial.

Q Are there any tech driven solutions that have been particularly impactful in the industrial realty sector?

The industrial realty sector has evolved significantly, upgrading from godowns to contemporary Grade A assets. Current facilities feature increased heights of 12-14m and higher loading capacities of 8-10 tons, leveraging robotics, IoT, and advanced warehouse management systems. However, India lags in technology as compared to global standards, due to



How significant do you view the impact of recycling and upcycling in turning waste into valuable assets in the real estate sector? Industry bigwigs answer...



AMAR SARIN
MD & CEO, TARC Ltd.

"We incorporate recycled materials into our building constructions, from reclaimed wood for flooring to repurposed metal in structural components, reducing our environmental footprint while adding character to our luxury spaces. Our upcycling efforts extend to transforming previously neglected spaces into eco-friendly communities."



ANUP MATHEW
Executive Vice President & Business Head, Godrej Construction

"We have embraced circular economy principles by recycling 30,000 metric tonnes of concrete debris thereby diverting construction waste from landfills. The recycled concrete from our facilities at Vikhroli, Mumbai, which uses construction & demolition waste, is utilised for constructing customised prefabricated concrete products."



AMRITA GUPTA
Director, Manglam Group & Founder President, CREDAI Rajasthan Women's Wing

"The ethos of sustainability and resourcefulness is reshaping conventional paradigms with recycling and upcycling. These practices ingeniously repurpose waste materials, imbuing them with newfound value and purpose. Through recycling, the industry not only mitigates environmental impact but also unlocks innovative avenues for growth."



C J SINGH
COO, Wave City

"Realty players are using recycled plastic lumber for decks, formwork instead of plywood, non-polluting organic chemicals for joints and adhesives, and organic paints & sealants among other practices to create eco-friendly living spaces. It reduces carbon emissions and scales down waste and material disposal costs as a competitive advantage."

ON THE SPOT

"We work closely with our clients from project inception to execution stage"



Abhijit Verma, Founder & Managing Director, Avinya Industrial & Logistic Parks, in an exclusive interview, talks majorly about the current state of the industrial and logistics realty market, Avinya's project and development. Excerpts...