

Impact Of COVID-19 On Real Estate

Consumer Sentiment Analysis

DATE: June 14, 2020

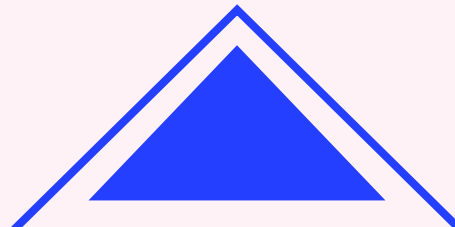




In an attempt to gauge the sentiments of homebuyers' and other stakeholders during the pandemic, this survey was conducted with an aim to get deeper insights into the Indian property market purely from a consumer perspective.

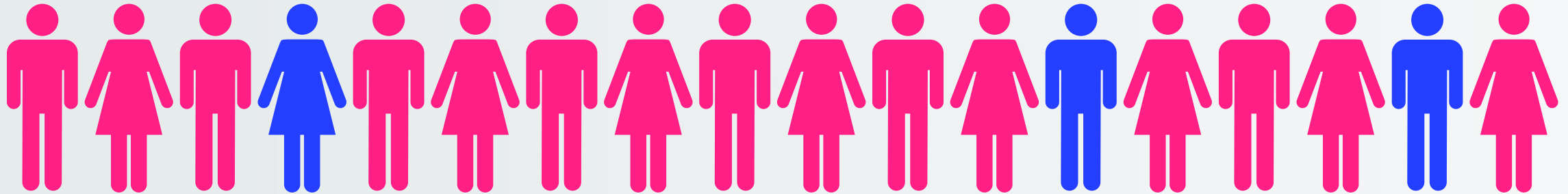
Welcome!!

This survey was conducted by **HRG Construction** between 31st May to 9th June (2020). The online survey saw 550 participants responding to it via different digital sources like Social Media, e-mail and personal messages.



Demographics

The sample was carefully selected to include all stakeholders such as government and private employees, businessman, students, consultants, developers etc, so that it would give a relatively fair representation of the overall population demographics in terms of geographical distribution, gender, age and profession.

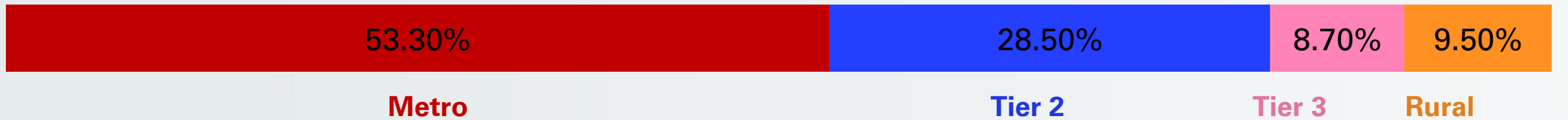


A total of 550 respondents took part in this survey, out of which 75% were male and 25% were female

A distribution of their age was such that, 83% were between 25-40 years, 12.5% were of 41-55 years and another 4.5% were above 55 years

Demographics

The diverse set of respondents helped to create a holistic view of the market. Below is the categorization of all the respondents.



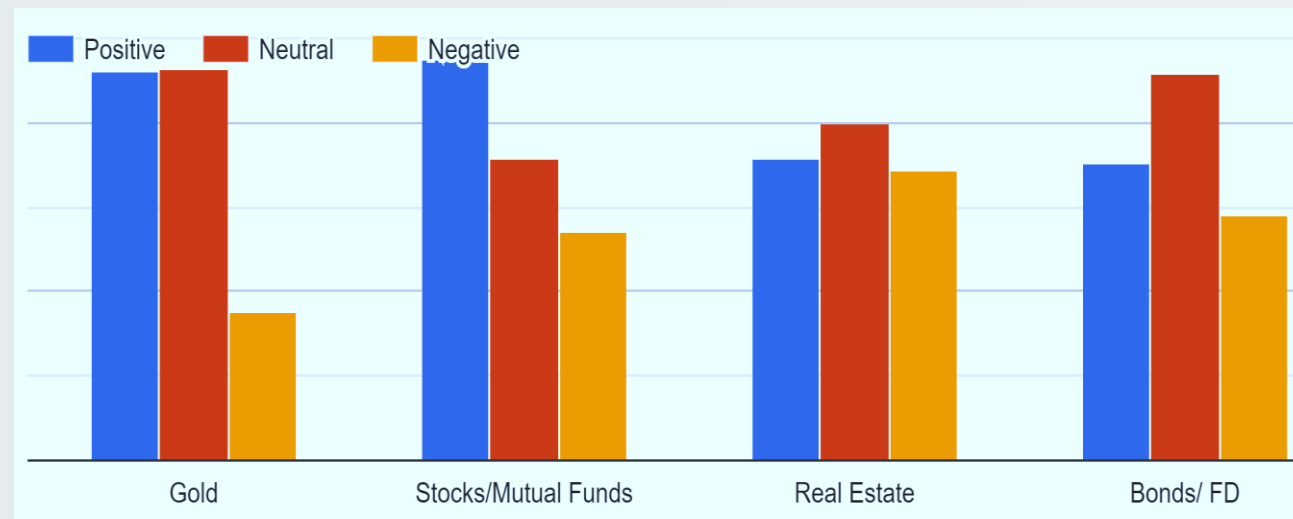
Preferred Investment **Asset** Class Post COVID-19



View towards **Gold** was the most positive

With our economy taking a hit, overall respondents have shown a stronger affinity towards investment in Gold, with only 16% of them having a negative outlook towards it.

- Sentiment towards **Stocks and Mutual funds** are quite positive. With the indices at their lows and mid & small cap trading at huge discounts (50-70%), it has become an attractive investment option now.
- **Real Estate** is a consumption driven product for which the long term returns massively over shadow returns in the short run. People will look to buy with long term outlook.



Real Estate Segments

Residential

Residential segment will have medium to high impact with a lot of people looking to shift to newer properties. Reduction in rate of home loans will help.



Impact on
Sales
post COVID-19

Office space

33% of the respondents believe there would be a HIGH impact on office sales. Major impact is predicted on bigger cities that have high inventory. Projects with good locations are expected to do well.

Retail

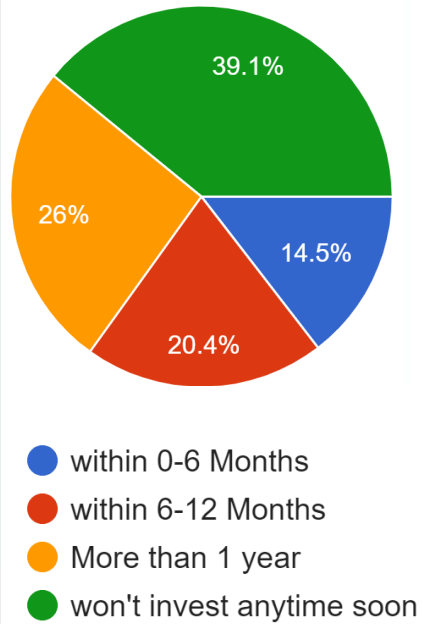
Residents of Metros **37%** believe that there would be a HIGH impact on Retail. This is a result of shifting focus towards online shopping.



Warehouse

On an average, **70%** of the respondents believe that there would be a medium to high impact. It is attributed to the fact that there would be an increase in online shopping.

Property Purchase Plans Post COVID-19



Plans of Purchasing a Property

35% residents living in Metros have plans to purchase a property within 12 months.

On the contrary, Developers **88%** and consultants **60%** are quite optimistic that people will engage in transactions within a year.

55% students, soon to be home buyers are planning to purchase a property sooner or later.

Project Preference

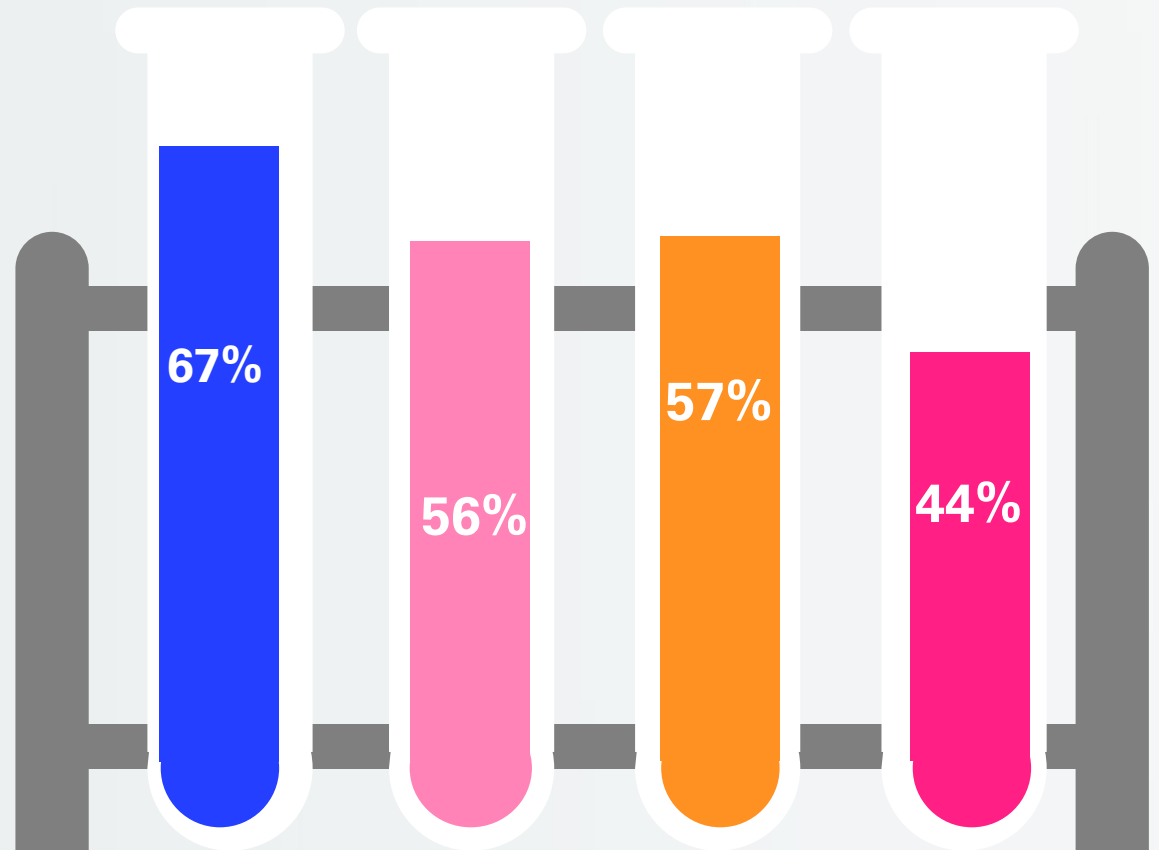
62% of respondents are inclined towards properties which are **ready for possession**.

39% of the people are looking for projects with **less inventory**.

What Can Boost Demand

Percentage of respondents

- 67%** **Price Discounts**
Expectations of flat price discounts from developers is most sought after.
- 56%** **Payment Flexibility**
Like Subvention schemes where buyers just need to pay 5% - 20% upfront.
- 57%** **Cheaper Loans**
Lower rates for home loans. MCLR coming down to 7% is a positive step.
- 44%** **Favorable Policy**
Such as Reduction in GST rates and the Stamp duty rates would go a long way.



Reason For **Delay** In Property Purchase

74% of the respondents are wary of their **current economic condition** and believe it to be the major reason behind the delay in investing in Real Estate.

1 Unstable Financial Condition

Current crisis has resulted in a lot of job uncertainty. Buyers are waiting for the economic condition to improve.

2 Possibility of Price reduction

With decreasing demand, buyers are looking forward to price reductions.

3 Uncertainty of timeline

Non-availability of resources like labor, raw materials and delays due to government regulations is likely to cause delays.

4 Alternate investment options

With our economy taking a big hit, buyers are looking forward to other safe investments options to park money such as buying GOLD.

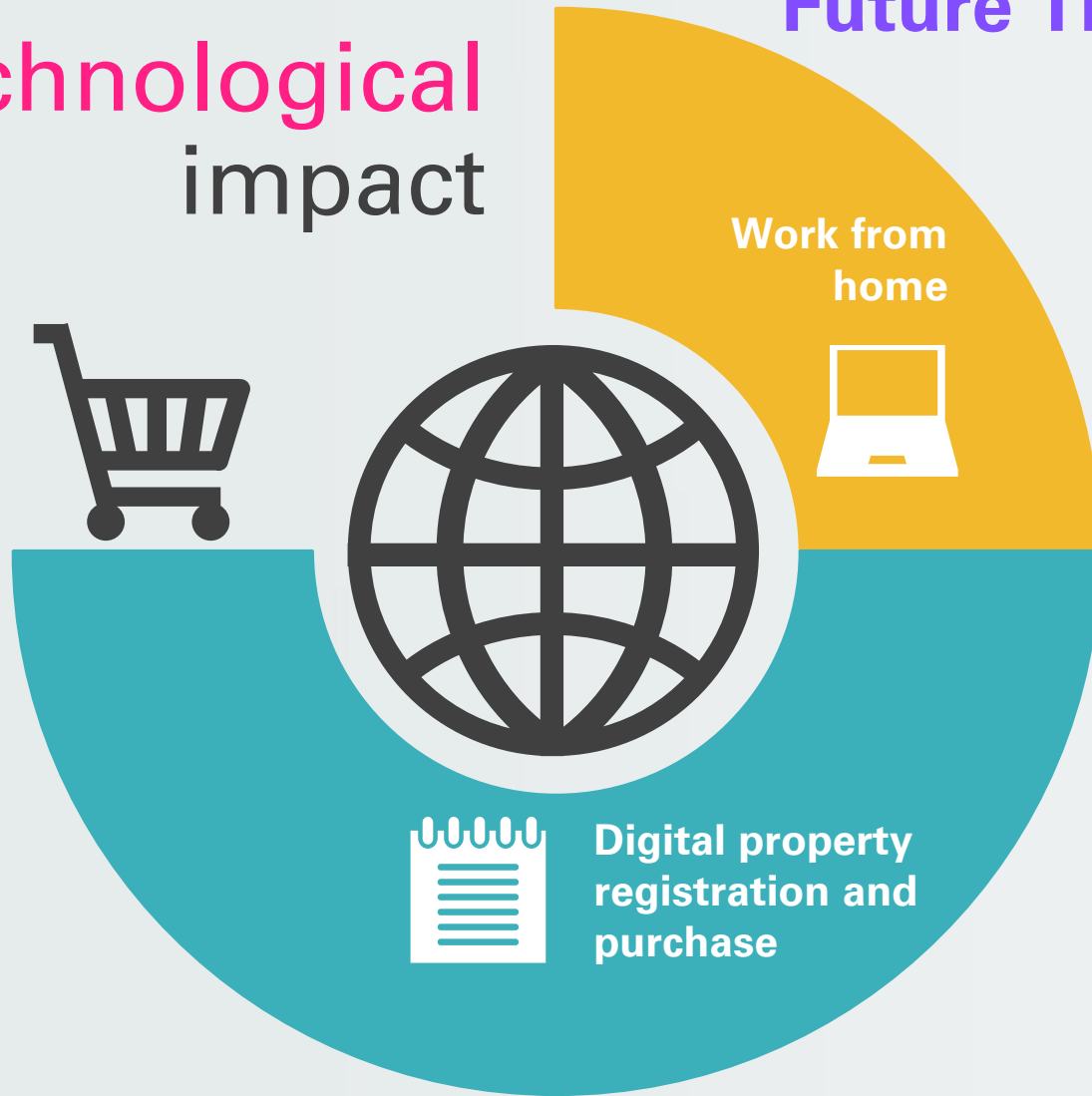
5 Renting instead of Buying

Students and Employees are becoming more inclined towards this alternative.

50% of the respondents believe that there's a possibility of further price reduction of properties.

Future Trends In Real Estate Post COVID19

Technological impact

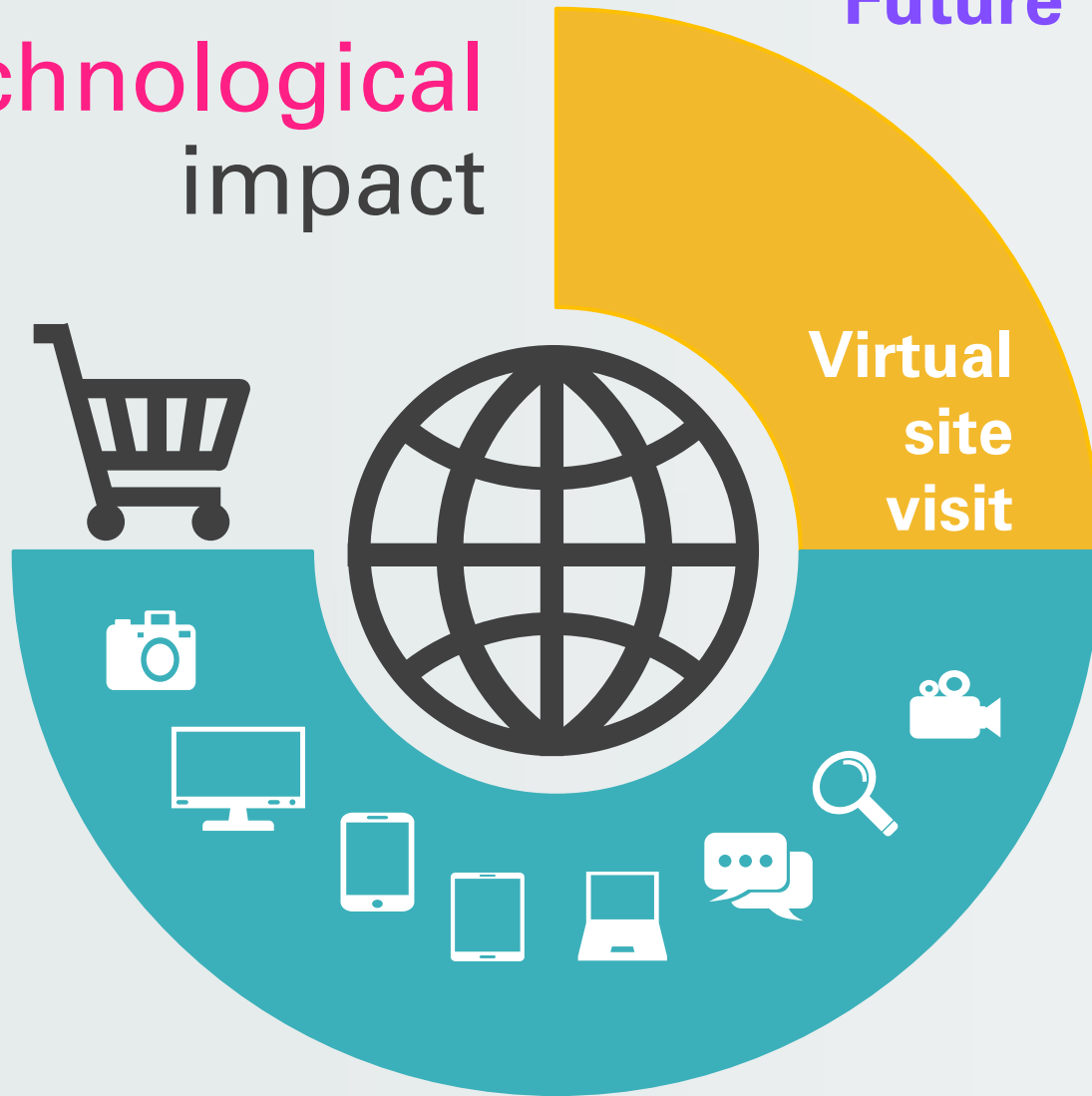


63% respondents strongly believe that the growing trend of **Work-from-home** is going to have a significant impact on the sales of office spaces in the country. This can be validated from the fact that many big companies are extending comfort of working from home for another couple of months.

A significant **43%** of the respondents are willing to **register and purchase properties online**. This change is fueled by the digital transformation happening across all industries. Real estate is the next one to see such a change. An online platform would have its own benefits. It would save time and resources for the buyers and the process would become more transparent and smooth for them.

Future Trends In Real Estate Post COVID19

Technological impact



Approx. **30%** of the respondents are now in favor of a **virtual site visit**. Now developers should experiment with new marketing strategies to enhance the buyers experience from virtually anywhere.

Using tech such as **VR (Virtual reality)** for an immersive experience, **AR (Augmented reality)** giving buyers the power to virtually design their properties, going **LIVE** on the social media channels while releasing a new project, and to top it all, using **Chatbots** to respond to buyers queries 24*7.

There's a significant portion of respondents who are confused and might be ready for such a change. It would be the onus of developers and consultants to bridge that gap and convert these potential buyers.

Behavioral Change Post COVID19

	Yes	No	Maybe
Home delivery over Dining Out	62%	22%	16%
Streaming on OTT over movie Theatres	71%	18%	11%
Online Shopping over retail store visit	60%	20%	20%
Prefer to live closer to office	75%	8%	17%

New Demand

Shift to a better property

48% want to shift right away!

With Extended lockdown and residents having to stay confined to their homes for months, they have realized the importance of HOME more clearly than ever. **48%** are looking for new homes.

Basis the fact that they have to work from home, needing space to exercise, for having a little bit of privacy to take calls from office, or maybe some space for their house-help, all these reasons and a lot more have made them ponder upon the need of a better home.

Projects with less units

Total of 69% are considering!

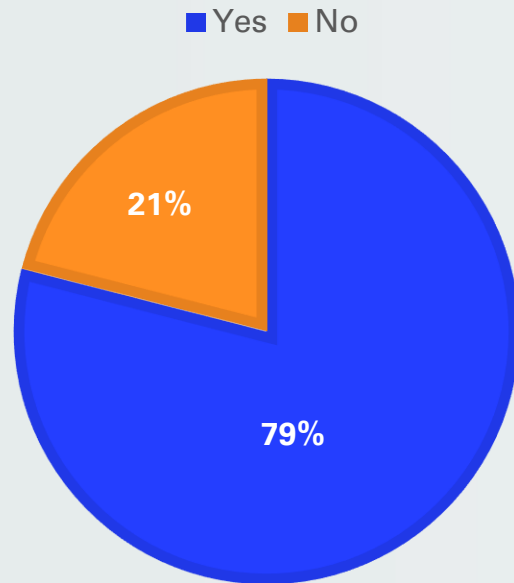
Closed spaces and highly densed localities or projects might get affected due to the changing consumer behavior.

COVID crisis has made home buyers seriously consider the benefits of choosing properties with lesser inventory over the current ones.

69% of the respondents are now considering living in projects with lesser units, which is a significant number.

New Demand

RESPONSES



Reducing HOME LOAN rates

79% say yes!

Government reducing the MCLR on the home loan to 7% is a significant step in pushing the demand in the current crisis.

Home buyers believe it to be the biggest motivating factor which would help them in making a purchase decision.



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