



Finance and Law



SMALL YET EFFICIENT

Millennials are fueling the demand for 2-BHK apartments. Here's why

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The millennials have emerged as a force to reckon with in the real estate scenario. More and more millennials are taking property purchasing decisions on their own. While they are attracted towards luxury units, the house for them is a residing place that should also be ideally smaller. Amenities, location, luxury quotient are some of the basic factors influencing their home buying decisions. But what kind of homes are they after?

According to a survey by 360

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Realtors, the first choice of prospective buyers across all age groups are 2-BHK units. 2-BHK units are becoming increasingly popular among nuclear families and millennial buyers as they suffice their needs and are moderately priced with several developers coming up with smaller carpet area options (900 to 1350 sq. ft) in the category.

The report adds that the real estate market today is driven by the participation of millennials between 25 to 35 years of age, who account for 36 per cent of prospective homebuyers today.

There are a number of reasons for this preference.

Ramesh Nair, CEO and country head, India, JLL, says, "The millennials in India are quite often migrants living in big cities for their employment, who have limited budgets. However, they rate flexibility and convenience at the top. Thus,

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Those purchasing a two-bedroom flat looks at reducing their burden of equated monthly instalments (EMIs) and smaller lesser principal payment at the time of buying.

As per the recent survey of JLL Research, millennials constitute around 42 per cent of the workforce in India across top seven cities, and are expected to grow at 6% CAGR by 2023. As a result, a majority of the demand is for smaller, yet quality two-bedroom apartments.

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Talking about the preference of young homebuyers, Amit Goenka, MD & CEO at Nisus Finance, says, "These apartments are carefully designed by the developers with smaller carpet sizes and are moderately priced within the category, thereby creating a significant demand at affordable value. Further, there has been a huge pile up of inventory at the aforementioned micro-markets which is available at substantial discounts. The developers also offer various incentives to the buyers apart from these discounts which further make the product more attractive to the buyers."

Moreover, on account of various tax incentives for first time homebuyers coupled with

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attractive home loan rates, has also been driving the demand within the millennials.

Zulquer Nain, GM, Projects, REPL, outlines three main reasons as to why the millennials prefer 2-BHK homes today. "With the sales in the real estate sector gradually picking up after a slew of reforms announced by the government, millennials have emerged as the prospective buyers. These front runner buyers are showing interest in units with smaller areas especially 2 BHK. Here are the three major reasons why they prefer smaller flats," he adds.

When it comes to the investment in the real estate sector, millennials are wise enough to take decision. Apart from choosing the best given option, they also look for properties which are cost-effective. With 2-BHK apartments, the millennials get the option of owning a property which costs them between Rs 40 to 50 lakh. This price range is even available at some of the prime locations too. Hence, a 2-BHK apartment becomes the most

preferable size for the millennials.

FUTURE PROSPECTS

Investing in real estate is considered to be long term and sometimes even a lifetime investment but with millennials this trend seems to be fading away. They cautiously think about the future prospects of the property before purchasing. They think about the resale value because it is easier to sell a 2 BHK, as a large population look for investing in smaller properties. Apart from this, today the millennials are in such jobs which often need to switch the city/state, hence they can easily sell the flat and move to the next destination. Even if they don't want to sell they can rent it and earn rental income, as the 2 BHK properties is most sought rental property.

MAINTENANCE COST IS UNDER CHECK

Purchasing a flat comes with a recurring maintenance cost. This maintenance cost acts as an extra burden. Since the maintenance cost is charged as per the size of the apartment and offered amenities hence a 2-BHK flat are the best option for the millennials. The maintenance cost of a 2-BHK flat is lower with enough area to live for small family. With nuclear families living in the cities, the 2-BHK makes it affordable to bear the cost because of bigger the home higher the maintenance cost.

